

Registered Company No 4948519

WAKEFIELD AND DISTRICT HOUSING LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Contents

Section	Page
Board Members, Executive Directors, Advisors and Bankers	1
Report of the Board	3
Operating and Financial Review	7
Statement of Responsibilities of the Board	28
Report of the Independent Auditor to the Members of Wakefield and District Housing Limited	29
Consolidated Income and Expenditure Account	31
WDH Income and Expenditure Account	32
Statement of Total Recognised Surpluses and Deficits	33
Reconciliation of movement in funds	34
Consolidated Balance Sheet	35
WDH Balance Sheet	36
Consolidated Cash Flow Statement	37
Notes to the Financial Statements	38

WDH Board Members, Executive Directors, Advisors and Bankers

Board

Chair	Ken Taylor	
Vice Chairs	Colleen Adamson	
	Denise Jeffrey	
Other Members	John Anderson	Resigned 13 May 2009
	Derek Cooper	
	Dr Margaret Faull	
	Ron Halliday	Resigned 30 June 2009
	Jack Kershaw	Resigned 23 July 2008
	Penelope Stubbins	Deceased 3 April 2009
	Elizabeth Sykes	
	Rathi Venugopal	Resigned 26 February 2009
	Mike Walker	
	Jacqui Williams	Resigned 30 June 2009
	Margaret Wood	Resigned 26 February 2009
	Andrew Wright	
	Kay Binnersley	Appointed 23 July 2008

Executive Directors

Chief Executive	Kevin Dodd	
Executive Director of Regeneration and Deputy Chief Executive	Richard Parkin	
Executive Director of Resources and Secretary	Lee Sugden	
Executive Director of Operations	Steve Rawson	
Director of People	Gillian Pickersgill	Appointed 26 January 2009

Registered office Merefield House
Whistler Drive
Castleford
West Yorkshire
WF10 5HX

Registered number Registered as a Charitable Social Landlord, No1107623

Registered under the Companies Act 1985, No 4948519

Registered by the Tenants Services Authority, No L4441

WDH Board Members, Executive Directors, Advisors and Bankers (continued)

Auditors	Grant Thornton UK LLP No 1 Whitehall Riverside Whitehall Road Leeds LS1 4BN
Solicitors	Trowers and Hamlins Sceptre Court 40 Tower Hill London EC3N 4DX
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 2009.

Principal Activities

Wakefield and District Housing Limited (WDH) is a registered social landlord incorporated under the Companies Act 1985 as a private limited company limited by guarantee. WDH is registered as a charity in accordance with the Charities Act 1993. WDH is a not for profit registered social landlord administered by a voluntary Board. The other member of the group is WDH Solutions Limited (WDHS), a company incorporated under the Companies Act 1985 and limited by guarantee.

The group's principal activity is the improvement, management and development of affordable housing.

Business Review

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

Housing Property Assets

Housing assets are carried at valuation and their valuations are considered in the operating and financial review. Details of changes to the group's housing and other fixed assets are shown in notes 12 and 13 to the Financial Statements.

Reserves

After transfer of the deficit for the year of £49m (2008: £32.9m) at the year end, the group's reserves amounted to £66.6m (2008: £44.7m), including a re-valuation surplus on housing properties of £101m (2008: £36.4m), and a pension deficit of £8.9m (2008: £15.9m).

Donations

The group made donations of £19,693 (2008: £15,288) through Local Management Committees (LMCs), the principal recipients being in respect of Community Grant Schemes of which there were 27 in total none of which exceeded £1,000.

The group made no political donations (2008: £nil).

Post Balance Sheet Events

The group considers that there have been no events since the year-end that have had a significant effect on its financial position.

Financial Instruments

The group's approach to financial risk management is outlined in the Operating and Financial Review.

Report of the Board (continued)

Employees

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

The group shares information on its objectives, progress and activities through regular office and departmental meetings involving the senior management team and employees.

Diversity and Inclusion

WDH will take into account the specific needs, which may arise, of older and vulnerable people, people with disabilities, and Black and Minority Ethnic groups, in a manner that promotes equality and inclusiveness.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The group has prepared detailed health and safety policies and provides employees training and education on health and safety matters. The group corporate Health and Safety Committee meeting minutes are reported to the Board through the new Resources Committee.

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 13 Board Members: five members from Wakefield Council, five tenant members, and three independent members, all of which are drawn from a wide background bringing together professional, commercial and local experience.

The Executive Directors are the Chief Executive and the other members of WDH's Executive Management Team (EMT). 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 for WDH.

Service Contracts

The Chief Executive and other executive directors are employed on the same terms as other employees, their notice periods being a minimum of three months.

Pensions

The Executive Directors are members of the Local Government Pension Scheme (LGPS), a defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other eligible employees and WDH contributes to the schemes on behalf of its employees.

Other Benefits

The Executive Directors are entitled to other benefits such as the provision of a car and health care insurance. Details of their remuneration packages are included in note 10 to the audited Financial Statements.

Report of the Board (continued)

National Housing Federation Code of Governance

WDH are pleased to report that the group complies with the principal recommendations of the National Housing Federation Code of Governance (revised 2004).

Tenant Involvement

Tenants are at the heart of decision-making. WDH actively encourages tenants' involvement in decision making by promoting mechanisms for tenant involvement. WDH has five tenant Board Members and has clear reporting arrangements between tenant organisations and the Board. The membership of LMCs is made up of a third of tenants. LMC Chairs are all tenants who meet regularly with the Board to ensure local issues are considered in decision-making.

Complaints

WDH has a clear and simple complaints policy issued to all tenants. WDH encourages all comments, compliments or complaints as it recognises the value of this contribution to its service.

Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all areas within the group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the group is ongoing and has been in place throughout the period commencing 1 April 2008 up to the date of approval of the Report and Financial Statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit and Resources Committees.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Formal recruitment, retention, training and development policies for all employees.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A sophisticated approach to treasury management, which is subject to external review on an annual basis.
- Regular reporting to the appropriate committee on key business objectives, targets and outcomes.
- Board approved whistle blowing, anti theft and corruption policies.

Report of the Board (continued)

A Fraud Register is maintained and is reviewed by the Audit Committee annually. During the year there were no incidents of fraud to report.

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. The Chair from each of the standing committees updates the Board at each Board meeting. The Board also receives the minutes from each of the committees.

The Audit Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for WDH and its subsidiary, and the annual report of the internal auditor, and has reported its findings to the Board.

Going Concern

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 12 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.

Disclosure of Information to Auditors

At the date of making this report each of WDH's Directors, as set out on page one, confirm the following:

- So far as each Director is aware, there is no relevant information needed by WDH's auditors in connection with preparing their report of which WDH's auditors are unaware.
- Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant information needed by WDH's auditors in connection with preparing their report and to establish that WDH's auditors are aware of that information.

Annual General Meeting

The Annual General Meeting (AGM) will be held on 9 July 2009 at Merefield House, Castleford.

External Auditors

A resolution to re-appoint Grant Thornton UK LLP, as auditors of the company will be proposed at the forthcoming AGM.

Approval

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

Denise Jeffrey
Vice Chair

Date:

Operating and Financial Review

Activities

Wakefield and District Housing (WDH) is a registered social landlord with charitable objectives. The organisation believes in local people making local decisions and in empowering communities to become self sustainable.

WDH operates two key business streams:

- Provision of good quality, well-managed housing for rent, primarily by people who are unable to rent or buy at open market rates.
- Supported housing and care for people who need additional housing related support or additional care.

Over the past twelve months WDH has continued to invest in people, property and places. The organisation has the capacity and scale to deliver broad ranging social and economic benefits through a £700 Million Improvement Programme and through broader community engagement and regeneration work. WDH has a regeneration model that puts it at the centre of community development within the Wakefield area; both tenants and other residents benefiting from considerable investment in local communities.

WDH aims to ensure services are improved for the benefit of the whole area and in accordance with the needs and aspirations of local people by working closely with tenants and residents, businesses, community organisations, Wakefield Council and other local service providers. WDH is committed to achieving the following objectives:

- building a more competitive knowledge economy;
- improving economic prospects; promoting self sufficiency;
- improving the quality of the environment of local communities.

WDH will build on its growing reputation for partnership working; delivering improvements through the promotion of mutual aims and utilising the skills, experience and resources of others to deliver improvements in local communities. The objectives of WDH are aligned to other regional strategies including the Communities Plan, the Respect Agenda, the Wakefield Community Strategy and the Local Area Agreement (LAA), all of which draw on aspects of Employment, Health, Education and Housing as key themes.

The Wakefield Together Partnership, of which WDH is a member, is a strategic partnership of all the key organisations that deliver services and improvements in the district. Its priorities are to create:

- healthier communities through encouraging healthier lifestyles;
- safer and stronger communities;
- opportunities for skills, enterprise and work.

Operating and Financial Review

Activities (continued)

VISION

The Vision of WDH is to create confident communities throughout the district because people in confident communities feel safe where they live, they trust the services they receive, and they are confident about their future prosperity and opportunities.

To achieve its Vision of creating confident communities, WDH intends to:

- Build a more competitive knowledge economy through local innovation and a skilled and flexible workforce.
- Create socially inclusive communities, reducing deprivation and inequality.
- Improve the quality of Wakefield's environment by providing better housing.

WDH will improve neighbourhoods by:

- Recognising that all communities are different and respecting individual values, qualities and character;
- Supporting strong community leadership and providing opportunities for people to realise their full potential;
- Promoting high quality design and improvements;
- Reinforcing local pride, encouraging community engagement, and developing citizenship;
- Introducing community mentors and offering scholarships and training.

WDH's Local Visions, based on its five management areas, use local area profiles, to implement a sustainability matrix. This approach targets resources towards dealing with issues on individual estates that need improving, such as crime, employment, educational attainment levels and demand for housing. This contingency approach identifies local solutions for local issues, integrating social and financial inclusion initiatives with physical improvements, creating places where people want to live.

MISSION

WDH has a challenging mission statement to achieve its Vision to inspire, transform and promote excellence. WDH will inspire tenants, employees, partners and the housing sector to deliver a transformation of the communities it serves. To do this, WDH is committed to delivering a three star service, ensuring that excellence is embedded in all aspects of work, and that the organisation judges itself through the eyes of others.

VALUES

The values of WDH are to be creative, inclusive and work with integrity. Working to these values will help WDH deliver excellence and become an employer of choice.

Operating and Financial Review

Activities (continued)

The organisation's journey to deliver the Vision to 2020 and create confident communities has achieved many successes:

- Awarded three stars and excellent prospects for improvement by the Audit Commission, following their inspection in September 2007 of the whole organisation.
- Awarded the UK Regional Excellence Award, one of the UK's most recognised business awards.
- Achieved and retained a full set of green lights from its regulator, the Tenants Services Authority (TSA). The highest rating for performance in financial viability, governance and management.
- Undertaken a review of the governance structure, placing tenants, local accountability and decision making at the heart of the organisation.
- Continued commitment to a Community Leadership Programme involving some 600 pupils from all 18 of Wakefield's secondary schools.
- Tackled worklessness through initiatives such as Wakefield homebuilder and Junior Homebuilder.
- Retained the Charter Mark accreditation for excellence in the delivery of customer services for the whole organisation.
- Achieved Tenant Participation Advisory Service (TPAS) resident involvement accreditation, the first Large Scale Voluntary Transfer (LSVT) to do so.
- Developed and delivered a successful new build programme.
- Launched Homesearch, the organisation's choice based lettings service, which has attracted over 20,000 applications since it was launched.
- Launched the Ask:Ted (Tackling Exclusion and Debt) initiative and Money Matters sessions with website as part of a drive to tackle financial exclusion and help people across the district to manage their money and stay clear of debt.
- Opened new look Service Access Points (SAPs) offering first class information in town centre locations.
- Received a Level A in the Supporting People Quality Assessment Framework (QAF).

These ongoing successes have further enhanced the image, brand and reputation of WDH and the organisation has maintained a strong identity through having professional and dedicated support services in all areas of the company.

WDH has improved service delivery through its OneCALL contact centre and Choice Based Lettings (CBL) approach. By listening and positively acting on comments about the organisation, and through resident involvement and engagement work, WDH has successfully improved service delivery, putting tenants at the heart of everything it does.

Operating and Financial Review

Activities (continued)

WDH continues to provide new standards in service delivery, better ways of partnership working and improved performance, leading to increased resident satisfaction levels. WDH will also continue to be innovative and to develop its learning, and that of the sector, through new and innovative pilot projects.

The strategic positioning of WDH is promoting new and exciting ways of engaging local communities, partners and stakeholders. This approach is detailed in the Regeneration Model, which is built on developing local capacity to defining local visions and developing role models through Community Leadership.

WDH continues to develop and establish key partnerships, both internally and externally. Local Management Committees (LMCs) are an integral part of its governance arrangements, ensuring local issues are given due consideration and are reflected in the services that are provided. WDH is represented on the Wakefield Together Partnership (WTP), working with other stakeholders who contribute to the development and regeneration of the Wakefield area.

External Influences

Following a review of the institutional structure for the delivery of housing and regeneration programmes in 2006, the Government has merged the activities of the Housing Corporation, English Partnerships and a range of activities carried out by Communities and Local Government into a new agency, the Homes and Communities Agency (HCA) which became operational in December 2008. The agency brings together responsibility for land and for money to deliver new housing, community facilities and new infrastructure.

As a result of the recommendations of the Cave Review of the Regulation of Social Housing, legislation has established a new regulatory body for housing, the Tenant Services Authority (TSA). Initially, the new authority is responsible only for housing associations and their tenants, but Ministers have indicated their intention to extend its powers to local authorities and their tenants within two years. One of the first tasks of the new regulator is to design a new regulatory system, consult on a standards framework, and introduce the new requirements and enforcement powers. Due to the magnitude of this work, the Tenant Services Authority will, for a period of time, regulate using the same 1996 legislation as the Housing Corporation.

The current uncertainties in the housing and financial markets bring particular challenges for development strategies. However, WDH has taken proactive steps to limit any potential adverse impacts. WDH is a registered member of the HomeBuy Direct scheme and has transferred some shared ownership assets to intermediate rent.

The impact of the credit crunch on reducing liquidity in the financial market and the falling prices in the housing market have not resulted in a slowing of the current planned level of activity of WDH. At this time, the main priority of WDH is to sustain its financial strength to enable the group to take full advantage of any future opportunities.

Operating and Financial Review

Performance and Development

WDH has adopted a Performance Management Framework, based on the balanced scorecard technique. The Framework not only identifies performance measures that are relevant for different audiences within the organisation, but also ensures and maintains congruence with its strategic objectives. WDH has adopted a three-year target setting approach, aiming to achieve top quartile performance whilst recognising the time taken for actions to achieve significant impacts.

The highest-level scorecard is monitored by the Board on a quarterly basis. These indicators relate to critical areas of business health, customer service and the social impact of the activities of the WDH. Performance against these indicators is set out on the following tables.

Customer Service

Description of indicator	2006/2007	2007/2008	2008/2009	2009/2010 Target
Number of promises in offer document completed to date.	78%	92%	100%	100%
Percentage complaints answered within target.	82%	64%	73%	80%

The Board is clear that delivering the promises made to tenants and delivering high quality, value for money services is at the core of WDH's business strategy. WDH made 64 promises in its Tenant Offer document, all of which have been delivered as the organisation continues to make progress towards the milestones within its Vision to 2020. Complaints are relatively few and are dealt with courteously and in a timely manner, 85% of complaints brought to conclusion during March 2009 were answered within target.

WDH takes the views of its customers very seriously, and undertakes a survey on an annual basis to monitor a range of satisfaction measures relating to many aspects of tenants' experiences and perceptions of the services provided by WDH. Specific targeted actions are developed arising from the survey. The STATUS survey measures 40 common satisfaction indicators across the sector and is summarised on the Table overleaf.

Tenant satisfaction with the overall service provided by WDH remains high at 85%, no change since the last survey, and 85% of tenants are satisfied with the overall quality of their accommodation, a 3% decline since the previous survey. Encouragingly, 80% of tenants thought that rents were good value for money, a 1% improvement since the previous year. When asked about their neighbourhoods, 82% of tenants reported being satisfied with the place where they lived.

Operating and Financial Review

Customer Service (continued)

	2007/2008 STATUS Survey %	2008/2009 STATUS Survey %	Variance %	National data (RSLs)* %
Satisfaction with WDH as a Landlord	85	85	-	79*
Satisfaction with accommodation	88	85	-3	86**
Rent good value for money	79	80	+1	N/A
Tenants' contact with WDH employees	88	89	+1	N/A
Ability of WDH employees to resolve tenants' problems	81	83	+2	N/A
Satisfaction with the repairs service	85	85	-	78**

Source: * National Mean average, 2005 HC Performance Indicator Profile.

**2006 House Mark National Tenant Survey Median results.

Tenants were asked about their contact with WDH and 89% of tenants found WDH employees to be helpful, a 1% improvement since the last survey. Additionally 83% of tenants said that WDH employees were able to deal with their problems, a 2% improvement on the previous year. Keeping tenants well informed and up to date is very important to WDH and it was found that 83% of tenants rated the way WDH keeps them informed about things that affect them as being 'good'.

The main reason tenants contact WDH is to report repairs, therefore delivering effective repairs and maintenance services is critical to meeting tenants' needs. This service is one of the most important issues to tenants and influences tenants' perceptions of WDH. The company continues to score high satisfaction ratings for repairs. Overall, 85% of tenants were satisfied with the way that WDH deals with repairs, no change since the last survey. It was found that 94% of tenants rated as 'good' the attitude of the repair workers, no change on the previous year. Ninety percent of tenants rated as 'good' the speed it took to complete a repair and the degree to which repair workers have kept dirt and mess to a minimum, a 2% decline since the last survey. Around 88% of tenants rated WDH as 'good' at being told when repair workers would call, a 2% decline since the previous survey and 86% of tenants rated as 'good' the overall quality of repair work, a 2% decline on the previous year.

Operating and Financial Review

Governance and Efficiency

Description of indicator	2006/2007	2007/2008	2008/2009	2009/2010 Target
Satisfaction of Board / LMC with WDH Performance	97%	100%	100%	100%
Efficiency gains achieved as a % of spend	5.2%	13%	16.8%	Changed Indicator

The Board's commitment to delivering efficient, value for money services is reflected in the target to maximise efficiencies year on year. Efficiency savings are reinvested to improve, develop and expand services including:

- Expanding the range of disabled adaptations provided to tenants.
- Extending the Decent Homes programme to 2012 accelerating completion of the Wakefield Standard by three years.
- Tackling financial exclusion through the introduction of Money Matters sessions in support of the web-based advice service ask:ted.

Leadership

The Board recognises that the success of the business depends on the quality of the management and employees of the organisation and to that end has set challenging targets to drive improvements in efficiency and effectiveness.

Description of indicator	2006/2007	2007/2008	2008/2009	2009/2010 Target
BME employees as a percentage of workforce	1.46%	1.41%	1.5%	3.4%
Average number of days lost to sickness per employee	11.32 days	10.27 days	10.63days	8.5days
Percentage of employees who think WDH is a good employer to work for	72%	84%	86%	90%
Percentage of top earners that are female	31.82%	35.56%	29.41%	42.0%

The percentage of Black and Minority Ethnic (BME) employees as a proportion of the workforce is currently 1.5% against the aspirational target WDH has set for itself to more accurately reflect local population demographics. A number of initiatives have been introduced to address absenteeism. However, if long-term sickness were to be excluded, the rate reported of 10.63%, reduces to 6.03%.

Operating and Financial Review

Leadership (continued)

The direction of travel on the majority of the indicators measured through the annual employees survey is positive. This has been supported through the introduction of a Diversity and Inclusion strategic framework and associated action plans that have made a significant impact on key performance metrics.

WDH has launched a fundamental change of strategy in its approach towards people development and management through its Shaping Our Future (SOF) programme. This programme will ensure that the organisation will have a workforce that has the right skills, motivation and leadership to move forward the organisation and to build on previous successes. Through SOF, the organisation is undertaking a detailed review of its approach to how it recruits, rewards, develops, motivates and manages its employees.

The SOF programme comprises four projects:

- Ways of Working - how the organisation can become more efficient and flexible.
- Pay and Conditions - how the organisation can keep and attract the best people.
- Performance and Development - how the organisation gets the best out of its people.
- HRISON - how the organisation can develop new systems tailored to individuals.

Each project has a dedicated project manager and a 'champion' to help challenge and support the changes required.

Ways of Working - Systems Thinking

The systems thinking approach of 'check', 'redesign' and 'roll in' is becoming embedded across all Areas. The system has reduced end-to-end times of repair works undertaken and has increased customer and employee satisfaction.

The Direct Labour Organisation's (DLO) repairs and maintenance teams play a fundamental part in the company's approach to service improvement. By conducting reviews of services using the systems thinking approach, WDH is minimising the amount of waste and ensuring effective and efficient processes are deployed. Accredited training for staff is available to promote continuous improvements through the provision of a wider insight and understanding of the opportunities afforded by the systems thinking philosophy.

A key focus over the forthcoming year will be ensuring the success of these new arrangements as they become more established, and as arrangements for the delivery of services to residents are consolidated and developed. A programme of active learning, comprising a mix of strategic and team focussed projects, has been developed as part of an approach to deliver improvements across the business.

Operating and Financial Review

Job Evaluation

A job evaluation process is being carried out as part of the Pay and Conditions project of the SOF programme. This will ensure that the roles and jobs within WDH are aligned with the values of the company. It will also mitigate the potential for future liabilities for WDH should there be any equal pay claims against the organisation in the future.

Mobile Working Solutions

Following the systems thinking review of the repairs service, WDH is introducing remote working through the deployment of Personal Digital Assistant (PDAs) devices. WDH is working with its IT supplier to develop systems to support the systems thinking approach: it is investigating how mobile solutions can be applied to its gas servicing section, energy performance certification, and stock condition surveys.

HRISON

A Human Resources (HR) management system is being introduced which includes the successful introduction of a new payroll system, this function is now undertaken in house rather than being contracted out as in previous years. Learning and Development, and Personnel modules will be implemented to facilitate the management of these functions. These modules will provide more detailed and sophisticated management intelligence to facilitate performance improvements against key performance indicators such as absence management.

Sustainable Communities

Description of indicator	2006/2007	2007/2008	2008/2009	2009/2010 Target
Number of homes made decent	5491	2939	3145	2129
Percentage of people satisfied with their neighbourhood as a place to live	80%	86%	82%	90%
Number of new homes built	0	58	80	97

The Board's commitment to achieving positive changes in local communities is reflected not only in the indicators above but also through WDH's six stage Regeneration Model which underpins its Vision to 2020 through three levels of investment: people, property and places. WDH recognises that having a decent home is not the only factor that contributes towards a sustainable, enjoyable, pleasant place to live. In support of other service providers WDH employs police officers directly to allow immediate action to be taken to allow peaceful enjoyment of the neighbourhoods.

Operating and Financial Review

Rent Arrears

The collection of rent continues to be a key financial priority and performance has been exceptional, especially given the deterioration in the current economic environment. In the year to 31 March 2009, WDH achieved a collection rate of 100.3% against the debits raised, compared with 99.6% in the previous year. On transfer, WDH purchased £2.97m former tenant arrears from Wakefield Council for £149k; at 31 March 2009 the balance of these arrears had reduced to £1.6m and is fully provided for.

Rent arrears, net of the arrears purchased at a significant discount at the time of Transfer and the balance of the provision created at that time, remain stable at 2.96% (2008: 2.8%) as a percentage of rent and service charges receivable, net of provisions.

Void Properties

In March 2009 WDH reported voids at 1.9% of housing stock, a slight increase from the previous year. In total, 581 properties were empty at year end, 162 (28%) of which were management voids and 419 (72%) non-management voids. The number of properties being modernised or used as transit accommodation increased by 17 during the year to 292, this being 50% of all empty properties. The average time taken to re-let a property was 30 days, two days better than target. This re-let time excludes any properties that had 'major repairs' during the time they were empty. Changes to the way voids are being managed could potentially have a temporary negative impact on performance in relation to the average time to re let a property from the start of the new financial year.

Outright Sales and Shared Ownership Properties

WDH recognises the difficulties being faced by first-time buyers in the current housing market, where the global supply of credit has led to the most severe market conditions since the early 1990s. WDH is taking steps to mitigate the impact of limited mortgage availability upon shared ownership and outright sales through adoption of the HomeBuy Direct scheme, and the conversion of unsold properties to intermediate rents. HomeBuy Direct is a new shared equity scheme designed to help first-time buyers, who are struggling to raise the deposits they need in the tough mortgage market conditions, into affordable home ownership. The scheme will help WDH by enabling more first-time buyers, who are currently priced out of the market due to the higher cost of obtaining a mortgage or the need to provide a larger deposit, to purchase the limited number of properties which WDH has built, or is building, for outright sales. The scheme offers an equity loan of up to 30 per cent of the purchase price that will be co-funded on equal terms by Government and by WDH.

General eligibility for HomeBuy Direct is the same as for the other HomeBuy products, being households earning £60,000 or less who are not able to afford to buy a suitable property on the open market without assistance in the area where they live or work. Applicants are subject to affordability checks designed to assess the size of equity share that they are able to afford and sustain. The purchaser is required to contribute the remaining equity, a minimum of 70 per cent, through a mortgage and any deposit they can afford.

Operating and Financial Review

Outright Sales and Shared Ownership Properties (continued)

There will be no fee charge for the equity loan for the first five years but a fee will be charged from year six onwards. Purchasers can redeem the equity loan in instalments, purchasing up to 100 per cent equity after their initial purchase by buying additional equity at the market rate. Buyers will be able to sell their HomeBuy Direct home on the open market. When they do so, they will repay the equity loan by way of a share of the sale proceeds. This repayment will be shared equally between Government and WDH. If the value of the property has increased at the point of sale, the buyer, Government, and WDH will all share in this increase. If the value of the property has gone down, Government and WDH will only share the sale proceeds that are left over once the mortgage has been repaid.

Other Operational Performance

OneCALL, WDH's dedicated contact team has been, and continues to be, a significant driver for the improvement of services to tenants and other residents, and has allowed WDH to capture views more readily about, and monitor the nature and quality of, the services provided. OneCALL provides residents with access to a wide range of housing management services 24 hours per day, 365 days a year. The continuous development of employees ensures that suitably skilled and qualified operatives deliver front-line services for the handling of repairs reporting and resident service enquiries. OneCALL works alongside the group's Service Access Points (SAPs) where locally-based housing management teams provide support to tenants.

WDH has worked in partnership with the White Rose Credit Union to reduce the financial exclusion of tenants through the deliver of Money Matters awareness sessions and by encouraging tenants to open a basic bank account to provide tenants with the opportunity for them to make the best use of their financial resources. WDH has also facilitated a low cost home contents insurance scheme to provide people with simple cover to protect their possessions. As at 31 March 2009, nearly 10,000 tenants were settling their rent accounts by means of Direct Debit.

Operating and Financial Review

Risks and Uncertainties

The main risks that could prevent WDH achieving its objectives are considered and reviewed regularly by the Board and the Corporate Programming and Management Board (CPMB).

CPMB review and challenge the key risks on a rolling programme of monthly meetings. The theme for each monthly meeting considers all significant risks to the organisation, and ensures that actions are being taken to mitigate such risks. Risk are considered from three perspectives:

Strategic Risks	Risks that could affect the long-term objectives of the organisation, especially those arising from outside the organisation.
Project Risks	Risks associated with new ventures and activities, or those associated with changes in the way WDH operates.
Directorate and Service Risks	Risks which arise from achieving service area corporate objectives and service delivery to tenants.

The risks are identified and assessed in consultation with stakeholders in terms of their potential impact and probability. The strategic risks and action plans for mitigating risks are reported to the Board quarterly, including an assessment of the key controls used to manage the risks. WDH has identified the following major risks:

Description of the Risk	Rationale for the identification of WDH's Key Risks	How WDH is managing the Risk
Failing to create neighbourhoods where people want to live.	Creating neighbourhoods where people wish to live by 2010 is a key milestone within the Vision to 2020.	WDH plays a leading role in working in partnership with other agencies to coordinate the maximum leverage of resources. One example is the work undertaken with West Yorkshire Police to achieve its objectives for community safety, in line with the Government's Respect Standard for housing management.
Not being able to meet customer demand for properties that meet people's current and future needs.	Another milestone within the Vision to 2020 is that by 2015, real choice will be offered and real opportunities made available for self development.	WDH is widening choices available to tenants and residents wherever possible. The Independent Living Scheme Project is an example, consulting with users over the menu of services tenants would wish to be made available to them on an individual basis.

Operating and Financial Review

Risks and Uncertainties (continued)

Description of the Risk	Rationale for the identification of WDH's Key Risks	How WDH is managing the Risk
Not providing customers with the means of contact and communication with WDH that they want or need.	Excellence in customer satisfaction requires customer interfaces that meet tenants' needs, when they want them, and in a manner of their choosing.	The Access to Services Review and Publicity Service Reviews are designed to ensure that tenants are able to access services in a way that meets their needs, and are aware that they can do so.
Failure to improve and maintain assets to meet agreed standards (for example Wakefield Standard) within agreed resources.	Providing high quality homes that meet tenant's needs, and achieving the objectives outlined within the 'Decent Homes Extension' are paramount to delivering excellent services and achieving high customer satisfaction.	Partnership management of the Investment Programme and through constant monitoring of the levels of performance of key strategic partners and the satisfaction levels of tenants.
Failing to implement a financial strategy appropriate to the prevailing economic environment and the 30 year business plan.	The current economic climate impacts on WDH in a number of ways, and has the potential to have a detrimental effect on tenants, suppliers, and people who might otherwise take-up Shared Ownership and properties for Outright Sale.	WDH continues to prioritise the reduction of the financial exclusion of tenants by working in partnership with other organisations and agencies to maximise the income of tenants, increase the availability of affordable credit, and improve household budget management.
Interruption to Business caused by external events, supply chain failure, system failure, fraud or security breach.	<p>The current economic climate may impact upon suppliers, therefore impact upon the provision of services.</p> <p>The economic conditions may also lead to an increase in fraud against organisations such as WDH.</p> <p>There are also a range of other reasons why services might be disrupted, including security breaches, and major pandemics.</p>	<p>WDH monitors the financial and market standing of its key suppliers, and has examined its main supply chains to ensure that supplier failure would not cause major impact on service delivery.</p> <p>There is routine perimeter testing on all ICT systems to ensure that they are secure, and by operating a robust approach to back-up data and systems.</p> <p>There is a formal escalation process within the Business Continuity arrangements that ensure appropriate and timely action is taken to mitigate significant threats.</p>

Operating and Financial Review

Risks and Uncertainties (continued)

Description of the Risk	Rationale for the identification of WDH's Key Risks	How WDH is managing the Risk
Failure to achieve corporate objectives and performance targets.	An effective Performance Management Framework is essential to ensure that the organisation make progress against its key objectives and performance measures.	WDH has a rigorous approach to Performance Management, utilising external challenge and validation to ensure that continuous improvement is embedded and achieved.
Failing to maintain high standards of regulatory compliance.	The sector has recently seen a change in regulation, with the creation of the TSA. High standards of regulatory attainment will ensure the highest standard of service delivery to tenants.	WDH is maintaining effective dialogue with the new regulator and has been involved in hosting the TSA's 'National Conversation' with tenants. WDH is contributing to the development of the new regulatory framework.
Ineffective Corporate Governance arrangements.	Good Corporate Governance is essential to the maintenance of service delivery to tenants, particularly during period of external challenges such as the current economic climate.	WDH has a robust governing body (the Board), whose effectiveness is routinely reviewed, as is that of its members. The Board, LMC and Executive operate within a delegation framework ensuring that effective internal controls and governance are maintained.
Failing to provide tenants and residents with opportunities for involvement in decision making.	It is essential WDH actively seeks to engage tenants and residents in defining and identifying key issues affecting them.	In addition to engaging tenants on the Board and LMCs, WDH has a formal Resident Engagement Strategy and plan of activity, supporting a number of tenant associations, who have access to independent advice from TPAS.
Failure to maintain highest standards of organisational ethics, integrity, and Corporate Social Responsibility (CSR).	WDH adopts and supports the highest standards of integrity, and social responsibility. Failure to do so may not only directly impact on achievement of organisational objectives, but also on its reputation and standing with stakeholders.	WDH is actively taking steps in a number of areas, to ensure that it continues to attain high standards of social responsibility and integrity. These include the embedding of its approach to Diversity and Inclusion, and achieving its goals for minimising its impact upon the environment.
Not having sufficient employee resources to support the organisation's current and future strategic direction.	Ensuring the continued delivery of the highest standards of customer service essential to maintain an appropriate balance of leadership, management, professional, and technical, skills and competencies.	WDH is undergoing a major review of its people resources, processes, and ways of working as part of its 'Shaping our Future' Project.

Operating and Financial Review

Financial Highlights

The group's consolidated income and expenditure account and balance sheet are summarised on pages 31 and 35 respectively. Table 1 on page 23 highlights key features of the group's financial position at, and for the periods ended, 31 March.

The group turnover for the year was £98.4m (2008: £92m), a 7% increase over the previous year. Income from social housing lettings has increased to £93.8m (2008: £88.2m) and income from other social housing activities decreased by 5.5% to £2m reflecting a reduction in first tranche shared ownership sales. Income from non-social housing activities increased from £1.8m to £2.6m largely due to the increase in the turnover of WDH Solutions Limited. Operating costs were £138.2m, an increase of £18.5m on the previous year due to increased costs of routine and planned maintenance and an increase in the net expenditure on the improvement programme charged to the income and expenditure account.

The group is reporting a deficit of £49m during the year (2008: £32.9m) and is in line with its budget expectations. WDH has continued its programme of significant investment on the improvement programme, spending £103.3m during the year (2008: £99.7m). The company has spent £94.5m on major repairs and maintenance costs during the year (2007: £80m). During the next few years, WDH will continue with its planned maintenance programme, ensuring that the Decent Homes standard is achieved by 2012.

The pension liability reported relates to the West Yorkshire Pension Fund defined benefit scheme. The net liability of the pension fund at 31 March 2009 is £8.9m, a reduction from £15.9m, as a result of additional contributions and a reduction in pension liabilities to £92.9m (2008: £111.4m). Additional contributions of £2.25m were made under the VAT Shelter Agreement as part of the Transfer Agreement with WMDC and an additional contribution of £1m was received by the fund in settlement of Wakefield Council's liability in respect of the pension deficit that had existed at the date of Transfer. The financial assumptions used for the calculations of the pension liabilities under the revised FRS17 as at 31 March 2009 are less conservative than those used in the previous year. This change is driven by rising yields on corporate bonds and inflation expectations falling during the year.

The re-calculation of the rate of capitalisation is intended to reflect anticipated future valuations over the medium to long term. Increased interest charges reflect the additional draw down of loans to fund this programme from the existing facility of £420m.

Housing properties are valued on an Existing Use Value for Social Housing (EUV-SH) basis at £307m as at 31 March 2009 (2008: £210m), excluding properties under construction and associated social housing grant. However, the market value of WDH's housing stock is £1.7bn (2008: £2bn).

Operating and Financial Review

Financial Highlights (continued)

Reduced interest cover and liquidity, and increased gearing reflect the planned increased draw down of funds in support of business objectives. Financial performance is as forecast and is typical of similar businesses at this stage in their life cycle. Expenditure and outturns are well within expectations of organisations committed to significant expenditure on improvement programmes. A thirty year business plan supports the corporate objectives of WDH and is reviewed and approved annually by the Board and funders.

During the year WDH received Gift Aid donations of £111k (2008: £6.6K) from WDH Solutions Limited.

The Environment and Corporate Social Responsibility (CSR)

WDH recognises the need to develop its business in a sustainable manner. The business is committed to developing services to meet the needs of present tenants without compromising the ability of future generations to meet their own needs. The company recognises that there are physical limits to the resources of the Earth, both in terms of generating materials and absorbing waste, and that any business activity that exceeds these limits is, by definition, unsustainable in the long term. In addition to making effective use of natural resources and enhancing the environment, WDH also believes that to achieve short and long term sustainability, the company needs to promote social cohesion and inclusion and strengthen economic prosperity in the communities in which it works.

Operating and Financial Review

Table 1 – Group highlights summary

For the period ended 31 March	2009	2008	2007	2006
Group Income and Expenditure Account (£'000)		Restated		
Total turnover	98,400	92,407	86,016	82,855
Income from lettings	93,798	88,168	83,028	79,801
Operating (deficit) / surplus	(39,849)	(27,482)	25,285	28,034
(Deficit) / surplus for the period transferred to reserves	(49,062)	(32,936)	22,503	27,772
Group Balance Sheet (£'000)				
Housing properties	312,776	213,959	143,795	103,804
Other fixed assets	7,375	7,605	6,523	4,763
Fixed assets	320,151	221,564	150,318	108,567
Net current liabilities	(4,682)	25	(28,426)	(18,639)
Total assets less current liabilities	315,469	221,589	121,892	89,928
Loans (due over one year)	240,000	161,000	60,000	-
Pensions liability	8,861	15,852	16,833	37,207
Other long term liabilities	-	-	-	886
Reserves : revaluation	100,994	36,435	2,546	41,483
: revenue	(34,386)	8,302	42,513	10,352
	66,608	44,737	121,892	89,928
Accommodation Figures				
Social housing stock owned at year end:				
General needs housing	28,686	28,685	28,910	29,209
Supported housing and housing for older people	2,242	2,251	2,251	2,251
Low cost home ownership	37	22	1	1
Total social housing stock owned at year end	30,965	30,958	31,162	31,461
Accommodation in development at the year end	146	80	58	-
Statistics				
(Deficit) / surplus for the period as % of turnover	(40.5%)	(29.7%)	26.2%	33.5%
(Deficit) / surplus for the period as % income from lettings	(42.5%)	(31.2%)	27.1%	34.8%
Rent losses (voids and bad debts since transfer as % of income from lettings)	2.63%	1.85%	2.09%	1.99%
Rent arrears (gross arrears as a % of income from lettings)	7.49%	6.99%	6.32%	5.88%
Interest cover ((deficit) / surplus before interest)	(4.1)	(4.3)	8.4	44.4
Liquidity (current assets divided by current liabilities)	0.75	1.0	0.5	0.6
Gearing (total loans as % of capital grants plus reserves)	360.3%	359.9%	210.0%	42.4%

Operating and Financial Review

Accounting Policies

WDH's principal accounting policies are set out on pages 38 to 43 of the Financial Statements. The policies that are most critical to the financial results relate to the accounting for housing properties including the capitalisation of improvement works; the valuation of housing assets; the deduction of capital grant from the costs of assets; the depreciation of housing assets; and the treatment of shared ownership properties under the updated Statement of Recommended Practice for Registered Social Landlords (SORP) 2008.

The key change to the updated SORP relates to the way in which shared ownership properties are accounted for. WDH's early adoption of the SORP in 2008 allowed the appropriate disclosure of the first year in which the company completed the construction of shared ownership properties. The disclosures in the Financial Statements are divided proportionally between current and fixed assets based on the elements relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as a fixed asset and included in housing properties at valuation.

The accounts reflect the requirements of Financial Reporting Standard 17 (Revised), Accounting for Retirement Benefits (FRS 17), this relates to accounting for final salary or 'defined benefit' pension schemes. In December 2006 the Accounting Standards Board (ASB) made changes relating to the presentation of the figures and disclosures, and included a requirement for most assets to be valued at 'realisable values' as opposed to the previous requirement of 'fair values'. This year is the first year for which the figures need to be presented in the new format and this has necessitated the restatement of the comparative figures for the previous year.

The assets and liabilities of the pension scheme have been calculated by a qualified actuary in compliance with accounting practice as prescribed by FRS17 (Revised). The pension liability relates solely to WDH's membership of the Local Government Pension Scheme (LGPS) which is administered by the West Yorkshire Pension Fund (WYPF). This is a final salary scheme that provides defined benefits to employees in retirement. WDH has contributed to the scheme in accordance with the level set by the actuaries at 14.1%. The triennial valuation at 31 March 2008 has set the employer's contribution rate at 13.3% for 2009 / 2010. During the year an additional payment of £3.25m (2008: £4m) was paid over to the West Yorkshire Pension Fund (WYPF) who administer the LGPS.

Operating and Financial Review

Housing Properties

Other significant policies that are crucial to the financial results relate to accounting for housing properties and include: the carrying value of housing assets at valuation and the capitalisation of the improvement programme expenditure. At 31 March 2009, WDH owned 30,965 housing properties (2008: 30,958). External professional valuers have been appointed to undertake an annual valuation of the company's housing properties as at 31 March 2009, this valuation is reflected in the carrying value of properties in the Financial Statements. On valuation, the surplus of £101m (2008: £36.4m) over the carrying value has been taken to the property revaluation reserve.

The investment in housing properties during the year was funded through a mixture of loan finance and working capital. WDH has not undertaken large scale development activities and it does not carry significant numbers of properties built for outright sale or shared ownership, its business plan cash flows are not reliant on the disposal of such properties. The organisation has given due consideration to its interpretation of the accounting complexities of measuring, and accounting for, the potential impairment of the carrying value of properties held for sale at £2.7m. A number of interpretations and judgement areas have been considered when measuring the net realisable value of these current assets, and each has been determined with regard to their specific circumstance. No impairment charge is deemed necessary as there has not been a permanent diminution in the value of any of these assets.

Capital Structure and Treasury Policy

The Board has appointed suitably qualified treasury advisors who contribute towards its Treasury Strategy in order to facilitate the most efficient and effective use of financial resources in the delivery of its services to tenants. Liquidity is maintained at minimal cost through the negotiation of forward fixed loan draw downs at favourable rates of interest and the application of an appropriate mix of fixed and variable borrowings. At the year end, total borrowings were £240m (2008: £161m) from an overall facility of £420m, at fixed and floating rates of interest, and includes a £200m facility provided by the European Investment Bank and a £100m facility from Abbey. WDH borrows in sterling only and so is not exposed to currency risk.

WDH recognise that good governance in treasury management is more important than ever before. The application of robust treasury controls has ensured that the organisation will not experience difficulties in obtaining new finance for appropriate investments and has not incurred increased costs of borrowing or has had to negotiate tougher covenants as a result of the recent rapidly deteriorating markets.

Operating and Financial Review

Capital Structure and Treasury Policy (continued)

Demonstrating compliance with loan covenants is fundamental in the current economic climate as breaches can result in funding being rescinded or reclassified as a current liability, or can result in significant increases in the cost of borrowing. WDH undertakes careful review of the covenants included within its funding arrangement and has robust treasury management controls.

Cash Flows

Cash outflows from operating activities and capital investments during the period are shown in the consolidated cash flow statement on page 37. The net cash outflow from operating activities for the accounting period is £35.2m (2008: £25.4m), reflecting the rate at which expenditure on the Investment Programme is charged to operating costs. During the year WDH benefited from the retention of £6.4m of funds generated from its VAT shelter. These windfall funds are being invested in the housing stock, in particular, in the improvement of the independent living accommodation that is provided to those in more vulnerable circumstances.

Preparation of the financial statements using going concern considerations is appropriate to the well funded, thirty year business plan of the organisation and the best practice in good governance deployed throughout WDH. Sufficient cash is available for all forecast trading and development activities. WDH has strong, reliable and consistent cash inflows from trading activities and benefits from secured access to adequate funding from existing facilities with which to support its corporate objectives.

Future Developments

The delivery of new affordable housing is high on the agenda. WDH is also looking at developing other models to increase and extend its capacity to deliver additional affordable housing solutions, and has identified suitable sites for a potential strategy for new build activity from 2010 to 2020.

Borrowings are aligned to the rate at which the Improvement Programme is undertaken. The Board has approved plans to spend approximately £70m during the next year (2009: £100m) to deliver improved housing stock. This investment in properties and communities will be funded from further drawing of £70m from a loan facility of £420m. Undrawn loan facilities of £200m are available under existing arrangements.

The importance of recognising that all communities are different and respecting their individual values, qualities and character is well understood. WDH are passionate about playing a positive role in the community and is delighted that it can continue to make a difference to local groups. Working with other partners, including local schools and the Outward Bound Trust, WDH will continue to provide opportunities to over 1,000 young people, the aim of which will be to develop future leaders and role models in the local communities. Work undertaken with young people will help raise aspirations, and improve local prospects through the creation of apprenticeships and through work with local schools.

Operating and Financial Review

Future Developments (continued)

WDH is well placed to weather the economic downturn. The company is financially robust, it is a well managed and well governed organisation and over the coming years the following major projects will come to the forefront of service provision:

- The delivery of the milestones of the Shaping Our Future Programme.
- The development of a more integrated approach to skills, worklessness and enterprise.
- Further linkages into the Wakefield Council revised agenda on regeneration through broader WDH regeneration plans.
- The expansion of the Community Leadership approach through the development of partnerships with the schools and communities through more proactive sport and activity-based engagement.
- The review of the Involvement Strategy in line with revised government proposals and to tailor engagement to local communities.

Statement of Compliance

In preparing this operating and financial review and the Report of the Board, the Board has followed the principles set out in Part 3 of the SORP 2008.

Denise Jeffrey
Vice Chair

Statement of Responsibilities of the Board

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

The Board is responsible for preparing the Report and Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company Law and registered social landlord legislation in the United Kingdom require the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the group and company at the end of the year and of the surplus or deficit of the group and company for the year then ended.

In preparing those Financial Statements, the Board is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: 'Accounting by Registered Social Landlords' (2008), subject to any material departures disclosed and explained in the Financial Statements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and enable it to ensure that the Financial Statements comply with the Companies Act 1985, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, as well as considering the risk environment and ensuring appropriate measures are in place to manage these risks.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: 'Accounting by Registered Social Landlords' (2008).

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WAKEFIELD AND DISTRICT HOUSING

We have audited the group and company Financial Statements of WDH for the year ended 31 March 2009, which comprise the group and company income and expenditure accounts, the group and company balance sheets, the group cash flow statement, the group and company statements of total recognised surpluses and deficits and notes 1 to 32. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with regulations made under Section 235 of the Companies Act 1985. 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 Auditors

The responsibilities of the Board for preparing the Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the Board for the Financial Statements.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

We also report to you if, in our opinion, the Report of the Board is consistent with the Financial Statements. The information given in the Report of the Board includes the specific information presented in the operating and financial review that is cross-referred from the business review section of the Report of the Board.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information accompanying the Financial Statements and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Report of the Board and the operating and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WAKEFIELD AND DISTRICT HOUSING (CONTINUED)

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the group's and the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- The Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and company as at 31 March 2009 and of its deficit for the year then ended.
- The Financial Statements have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.
- The information given in the Report of the Board is consistent with the Financial Statements.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Leeds, England
9 July 2009

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**For the year ended 31 March 2009**

	Note	31 March 2009 £'000	31 March 2008 £'000 Restated
Turnover: continuing activities	3	98,400	92,047
Operating costs	3	(138,249)	(119,529)
		<hr/>	<hr/>
Operating deficit: continuing activities	5	(39,849)	(27,482)
Surplus on sale of fixed assets	6	509	325
Interest receivable and other income	7	151	347
Interest payable and similar charges	8	(9,701)	(6,418)
Other finance (costs) / income	9	(172)	292
		<hr/>	<hr/>
Deficit on ordinary activities before taxation		(49,062)	(32,936)
Tax on deficit on ordinary activities	11	-	(3)
		<hr/>	<hr/>
Deficit for the financial year	24	(49,062)	(32,939)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 38 to 68 form part of these Financial Statements.Denise Jeffrey
Vice ChairColleen Adamson
Vice ChairLee Sugden
Company Secretary

WDH INCOME AND EXPENDITURE ACCOUNT**For the year ended 31 March 2009**

	Note	31 March 2009 £'000	31 March 2008 £'000 Restated
Turnover: continuing activities	3	98,381	92,035
Operating costs	3	(138,230)	(119,527)
		<hr/>	<hr/>
Operating deficit: continuing activities	5	(39,849)	(27,492)
Surplus on sale of fixed assets	6	509	325
Interest receivable and other income	7	151	347
Interest payable and similar charges	8	(9,701)	(6,418)
Other finance (costs) / income	9	(172)	292
		<hr/>	<hr/>
Deficit on ordinary activities before taxation		(49,062)	(32,946)
Tax on deficit on ordinary activities	11	-	-
		<hr/>	<hr/>
Deficit for the financial year	24	(49,062)	(32,946)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 38 to 68 form part of these Financial Statements.Denise Jeffrey
Vice ChairColleen Adamson
Vice ChairLee Sugden
Company Secretary

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**For the year ended 31 March 2009**

	Group		WDH	
	31 March 2009 £'000	Restated 31 March 2008 £'000	31 March 2009 £'000	Restated 31 March 2008 £'000
Deficit for the financial year	(49,062)	(32,939)	(49,062)	(32,946)
Unrealised movement between deficit and surplus on revaluation of housing properties	65,140	33,904	65,140	33,904
Actuarial gain relating to pension scheme	5,793	1,242	5,793	1,242
Total recognised surpluses relating to the period	21,871	2,207	21,871	2,200
Prior year adjustment (note 32)	(2,478)		(2,478)	
Total recognised surpluses since last report	19,393		19,393	

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS**For the year ended 31 March 2009**

	Group		WDH	
	31 March 2009 £'000	Restated 31 March 2008 £'000	31 March 2009 £'000	Restated 31 March 2008 £'000
Reported deficit on ordinary activities before taxation	(49,062)	(32,936)	(49,062)	(32,946)
Realisation of property revaluation gains	-	926	-	926
Excess of actual depreciation over historical cost depreciation charge	581	(20)	581	(20)
Excess of historical cost impairment over actual impairment charge	-	12	-	12
Historical cost deficit on ordinary activities before taxation	(48,481)	(32,018)	(48,481)	(32,028)
Historical cost retained deficit	(48,481)	(32,018)	(48,481)	(32,028)

RECONCILIATION OF MOVEMENTS IN GROUP'S AND WDH'S FUNDS

For the year ended 31 March 2009

	Group 31 March 2009 £'000	WDH 31 March 2009 £'000
Opening total funds as previously stated at 1 April 2008	47,215	47,215
Prior year adjustment	(2,478)	(2,478)
Opening funds as restated at 1 April 2008	<u>44,737</u>	<u>44,737</u>
Total recognised surpluses relating to the year	21,871	21,871
Closing total funds	<u><u>66,608</u></u>	<u><u>66,608</u></u>

CONSOLIDATED BALANCE SHEET**At 31 March 2009**

	Note	2009 £ '000	2008 £ '000 Restated
Tangible fixed assets			
Housing properties	12	312,776	213,959
Other tangible fixed assets	13	7,375	7,605
		<hr/>	<hr/>
		320,151	221,564
		<hr/>	<hr/>
Current assets			
Properties held for sale	14	2,702	1,956
Debtors	16	3,631	3,310
Other debtors	17	4,269	8,977
Stock and work in progress	18	144	87
Cash at bank and in hand		3,234	7,595
		<hr/>	<hr/>
		13,980	21,925
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	19	(18,662)	(21,900)
		<hr/>	<hr/>
Net current (liabilities) / assets		(4,682)	25
		<hr/>	<hr/>
Total assets less current liabilities		315,469	221,589
		<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due after more than one year	20	240,000	161,000
		<hr/>	<hr/>
Net pension liability	9	8,861	15,852
		<hr/>	<hr/>
		248,861	176,852
		<hr/>	<hr/>
Capital and reserves			
Housing property revaluation reserve	24	100,994	36,435
Revenue reserve	24	(34,386)	8,302
		<hr/>	<hr/>
Consolidated funds	24	66,608	44,737
		<hr/>	<hr/>
		315,469	221,589
		<hr/> <hr/>	<hr/> <hr/>

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

Denise Jeffrey
Vice Chair
Date:

Colleen Adamson
Vice Chair
Date:

Lee Sugden
Company Secretary
Date:

WDH BALANCE SHEET**At 31 March 2009**

	Note	2009 £'000	2008 £'000 Restated
Tangible fixed assets			
Housing properties	12	312,776	213,959
Other tangible fixed assets	13	7,375	7,605
		<hr/>	<hr/>
		320,151	221,564
		<hr/>	<hr/>
Current assets			
Properties held for sale	14	2,702	1,956
Debtors	16	3,581	3,253
Other debtors	17	4,404	9,020
Stock and work in progress	18	144	87
Cash at bank and in hand		3,111	7,595
		<hr/>	<hr/>
		13,942	21,911
Creditors: Amounts falling due within one year	19	(18,624)	(21,886)
		<hr/>	<hr/>
Net current (liabilities) / assets		(4,682)	25
		<hr/>	<hr/>
Total assets less current liabilities		315,469	221,589
		<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due after more than one year	20	240,000	161,000
Net pension liability	9	8,861	15,852
		<hr/>	<hr/>
		248,861	176,852
		<hr/>	<hr/>
Capital and reserves			
Housing property revaluation reserve	24	100,994	36,435
Revenue reserve	24	(34,386)	8,302
		<hr/>	<hr/>
WDH's funds	24	66,608	44,737
		<hr/>	<hr/>
		315,469	221,589
		<hr/> <hr/>	<hr/> <hr/>

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

Denise Jeffrey
Vice Chair
Date:

Colleen Adamson
Vice Chair
Date:

Lee Sugden
Company Secretary
Date:

Consolidated Cash Flow Statement**For the year ended 31 March 2009**

	Note	31 March 2009 £'000	31 March 2008 £'000
Net cash outflow from operating activities	27	(35,161)	(25,429)
Returns on investments and servicing of finance		<hr/>	<hr/>
Interest received		151	347
Interest paid		(9,701)	(6,418)
		<hr/>	<hr/>
		(9,550)	(6,071)
		<hr/>	<hr/>
Capital expenditure			
Purchase and refurbishment of housing properties		(39,179)	(34,744)
Construction of housing properties		(2,011)	(5,615)
Social housing grant – received		3,737	3,014
Purchase of other fixed assets		(1,748)	(4,771)
Sales of fixed assets		551	1,466
		<hr/>	<hr/>
		(38,650)	(40,650)
		<hr/>	<hr/>
Financing			
Loans received		79,000	64,000
		<hr/>	<hr/>
		79,000	64,000
		<hr/>	<hr/>
Decrease in cash	28	<hr/> <hr/> (4,361)	<hr/> <hr/> (8,150)

The notes on pages 38 to 68 form part of these Financial Statements.

Notes to the Financial Statements

1. Legal status

Wakefield and District Housing Limited (WDH) is a registered social landlord incorporated under the Companies Act 1985 as a Private Limited Company limited by guarantee. WDH is registered as a charity in accordance with the Charities Act 1993. WDH is registered with the Tenant Services Authority (TSA) as a registered social landlord as defined by the Housing Act 1996.

WDH Solutions Limited (WDHS) is a trading subsidiary of WDH and is incorporated under the Companies Act 1985 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.

2. Accounting policies

Basis of Accounting

The Financial Statements of WDH 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: 'Accounting by Registered Social Landlords' issued in January 2008. The Financial Statements are in accordance with the Charities Act 1993, The Housing Act 1996 and comply with Accounting Requirements for Registered Social Landlords General Determination 2006.

The prior year adjustment represents a change in accounting policy for the West Yorkshire Pension Fund in accordance with FRS17 (Revised) Retirement Benefits. The effect of the change is shown in more detail in note 32.

Basis of consolidation

The group accounts consolidate the accounts of WDH and its subsidiary company, WDHS, at 31 March, using acquisition accounting.

Turnover

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

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

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 net realisable value and cost less cash received on account.

Notes to the Financial Statements

2. Accounting Policies (continued)

Capital Reserve – Housing Property Revaluation

The difference between the 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.

Revenue Reserve

The residual surplus or deficit available to the group to be utilised at the Board's discretion in furtherance of the charitable objects of WDH.

Housing Properties

Housing properties are properties available for rent and properties subject to shared ownership leases. Completed housing properties with the exception of Homespace properties are stated at EUV-SH. Revaluations of the properties are undertaken every year. WDH has an ongoing stock 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.

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 and related sales proceeds 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 Homes and Communities Agency (formerly from the Housing Corporation) and is utilised to reduce the capital costs of housing properties, including house costs. 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 is 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. 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.

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 entered into 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 determined by the agreement.

Depreciation of Housing Properties

Freehold land is not depreciated. Completed housing properties are stated at EUV-SH, the valuations are performed annually and depreciation is provided on a straight line basis over a 50 year period and 100 year period for new build. Housing properties under construction are stated at cost less related social housing grant. Properties under construction and expenditure during the course of major refurbishment are not depreciated.

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

Impairment

Existing housing properties and 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

Share ownership first tranche sales, completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value for the purpose of historic cost comparatives. 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)

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.

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

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%
Long Leasehold Property	Over life of lease
Plant and Equipment	20%
Furniture, Fixtures and Fittings	10%
Computers and Office Equipment	20%
Motor Vehicles	20%

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

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.

Notes to the Financial Statements

2. Accounting Policies (continued)

Taxation

WDH has charitable status and therefore is not subject to corporation tax on surpluses derived from charitable activities. Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from:

- a) Revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date.
- b) Gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that they are it is regarded, as more likely than not, that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Value Added Tax

The group is registered for VAT. In respect of major refurbishment works undertaken there is a VAT Shelter Agreement, approved by HMRC, against which WDH is able to recover the VAT incurred on qualifying expenditure. VAT recoverable under the VAT Shelter and retainable is treated as a windfall receipt and credited against expenditure. HMRC have approved the implementation of a Special Method Partial Exemption from the date of Transfer. VAT recovered in arrears under this method are treated as windfall receipts, ongoing benefits are treated as recoverable VAT at the date of transaction. At the period end, VAT recoverable or payable is included in the Balance Sheet.

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 operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in the fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

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 Schedule 4 of the Companies Act 1985 but in the opinion of the Board is a relevant accounting policy, comparable to that adopted by other registered social landlords that 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 deficit****GROUP – continuing activities**

	Year ended 31 March 2009			
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	93,798	-	(134,274)	(40,476)
Other social housing activities				
Supporting people	1,140	-	(1,140)	-
First tranche shared ownership sales	692	(692)	(81)	(81)
Other Income	135	-	(135)	-
	<u>1,967</u>	<u>(692)</u>	<u>(1,356)</u>	<u>(81)</u>
Non-social housing activities				
Lettings	1,188	-	(405)	783
Right to Buy (RTB) service charges	109	-	(171)	(62)
Other	1,338	-	(1,351)	(13)
	<u>2,635</u>	<u>-</u>	<u>(1,927)</u>	<u>708</u>
	<u>98,400</u>	<u>(692)</u>	<u>(137,557)</u>	<u>(39,849)</u>
	<u><u>98,400</u></u>	<u><u>(692)</u></u>	<u><u>(137,557)</u></u>	<u><u>(39,849)</u></u>
	Year ended 31 March 2008			
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	88,168	-	(116,209)	(28,041)
Other social housing activities				
Supporting people	1,113	-	(1,113)	-
First tranche shared ownership sales	922	(922)	-	-
Other Income	47	-	(47)	-
	<u>2,082</u>	<u>(922)</u>	<u>(1,160)</u>	<u>-</u>
Non-social housing activities				
Lettings	1,156	-	(647)	509
RTB service charges	98	-	(79)	19
Other	543	-	(512)	31
	<u>1,797</u>	<u>-</u>	<u>(1,238)</u>	<u>559</u>
	<u>92,047</u>	<u>(922)</u>	<u>(118,607)</u>	<u>(27,482)</u>
	<u><u>92,047</u></u>	<u><u>(922)</u></u>	<u><u>(118,607)</u></u>	<u><u>(27,482)</u></u>

Notes to the Financial Statements**3. Turnover, cost of sales, operating costs and operating deficit (continued)****WDH – continuing activities****Year ended 31 March 2009**

	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	93,798	-	(134,274)	(40,476)
Other social housing activities				
Supporting people	1,140	-	(1,140)	-
First tranche shared ownership sales	692	(692)	(81)	(81)
Other Income	135	-	(135)	-
	<u>1,967</u>	<u>(692)</u>	<u>(1,356)</u>	<u>(81)</u>
Non-social housing activities				
Lettings	1,188	-	(405)	783
RTB service charges	109	-	(171)	(62)
Other	1,319	-	(1,332)	(13)
	<u>2,616</u>	<u>-</u>	<u>(1,908)</u>	<u>708</u>
	<u>98,381</u>	<u>(692)</u>	<u>(137,538)</u>	<u>(39,849)</u>

Year ended 31 March 2008

	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus/ (deficit) £ '000
Social housing lettings	88,168	-	(116,209)	(28,041)
Other social housing activities				
Supporting people	1,113	-	(1,113)	-
First tranche shared ownership sales	922	(922)	-	-
Other Income	47	-	(47)	-
	<u>2,082</u>	<u>(922)</u>	<u>(1,160)</u>	<u>-</u>
Non-social housing activities				
Lettings	1,156	-	(647)	509
RTB service charges	98	-	(79)	19
Other	531	-	(510)	21
	<u>1,785</u>	<u>-</u>	<u>(1,236)</u>	<u>549</u>
	<u>92,035</u>	<u>(922)</u>	<u>(118,605)</u>	<u>(27,492)</u>

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

	General Needs Housing £'000	Supported Housing and Housing for Older People £'000	Low Cost Home Ownership £'000	2009 £'000	2008 £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges	85,640	5,364	39	91,043	85,580
Service income	695	1,071	3	1,769	1,763
Net rental income	86,335	6,435	42	92,812	87,343
Other HCA revenue grants	-	-	-	-	48
Other revenue grants	986	-	-	986	777
Turnover from social housing lettings	87,321	6,435	42	93,798	88,168
Expenditure on social housing lettings					
Management	(25,475)	(2,280)	-	(27,755)	(27,669)
Services	(2,463)	(3,506)	-	(5,969)	(5,037)
Routine maintenance	(18,637)	(999)	(1)	(19,637)	(16,477)
Planned maintenance	(5,826)	(384)	-	(6,210)	(3,848)
Major repairs expenditure	(67,490)	(1,160)	-	(68,650)	(59,638)
Bad debts	(616)	(51)	-	(667)	(73)
Depreciation of housing properties	(4,011)	(82)	-	(4,093)	(2,455)
Depreciation of other fixed assets	(1,214)	(79)	-	(1,293)	(1,012)
Operating costs on social housing lettings	(125,732)	(8,541)	(1)	(134,274)	(116,209)
Operating (deficit) / surplus on social housing lettings	(38,411)	(2,106)	41	(40,476)	(28,041)
Void losses	1,021	776	-	1,797	1,554

Notes to the Financial Statements**3. Turnover, cost of sales, operating costs and operating deficit (continued)****Particulars of turnover from non social housing lettings****Group and WDH**

	2009	2008
	£'000	£'000
Commercial Rents	314	297
Allotments and Garages	624	602
Ground Rent	4	4
Other	246	253
	<u>1,188</u>	<u>1,156</u>
	<u><u>1,188</u></u>	<u><u>1,156</u></u>

4. Accommodation in management and development**Group and WDH**

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

	2009	2008
	No	No
Social housing		
General needs housing	28,686	28,685
Supported housing and housing for older people	2,242	2,251
Low cost home ownership	37	22
Total owned	<u>30,965</u>	<u>30,958</u>
Accommodation managed for others	77	91
Total managed	<u>31,042</u>	<u>31,049</u>
Accommodation in development at the year end	<u><u>146</u></u>	<u><u>80</u></u>

WDH manages 40 units of accommodation for Wakefield Council, 33 units to alleviate homelessness, and four Alms Houses for Wrays Homes, a registered charity.

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

This is arrived at after charging:

	Group		WDH	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Depreciation of housing properties	4,093	2,472	4,093	2,472
Depreciation of other tangible fixed assets	1,485	1,204	1,485	1,204
Impairment of other fixed assets	134	-	134	-
Operating lease rentals:				
• Land and buildings	999	1,206	999	1,206
• Office equipment and computers	28	3	28	3
• Motor vehicles	1,493	1,582	1,493	1,582
Auditor's remuneration (including VAT)				
For audit services	35	34	31	31
For non audit services:				
• RTB certification	1	1	1	1
• Loan covenant work	1	1	1	1
• VAT sharing agreement	1	1	1	1
• Business plan validation	9	-	9	-

6. Surplus on sale of fixed assets**Group and WDH**

	2009	2008
	£'000	£'000
Disposal proceeds – housing properties	520	1,109
Carrying value of fixed assets	(33)	(892)
	<u>487</u>	<u>217</u>
Surplus on sale of other assets	22	108
	<u>509</u>	<u>325</u>

7. Interest receivable and other income**Group and WDH**

	2009	2008
	£'000	£'000
Interest receivable and similar income	151	347
	<u>151</u>	<u>347</u>

Notes to the Financial Statements**8 Interest payable and similar charges****Group and WDH**

	2009	2008
	£'000	£'000
Loans	9,701	6,418
	<u>9,701</u>	<u>6,418</u>
	<u><u>9,701</u></u>	<u><u>6,418</u></u>

Interest payable on loans funding properties that are under construction is not capitalised.

9. Employees**Average monthly number of employees expressed in full time equivalents:****Group and WDH**

	2009	2008
	No.	No.
Administration	340	318
Technical services	660	597
Housing, support and care	293	285
	<u>1,293</u>	<u>1,200</u>
	<u><u>1,293</u></u>	<u><u>1,200</u></u>

Employee costs:**Group and WDH**

	2009	2008
	£ '000	£ '000
Wages and salaries	33,055	29,487
Social security costs	2,335	2,090
Other pension costs	4,179	4,021
	<u>39,569</u>	<u>35,598</u>
	<u><u>39,569</u></u>	<u><u>35,598</u></u>

WDH's employees are entitled to be members of the Local Government Pension Scheme. Further information on the scheme is given overleaf.

Notes to the Financial Statements

9. Employees (continued)

The Local Government Pension Scheme (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 actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2007.

The market value of the scheme's assets at the balance sheet date was £84.052m against scheme liabilities of £92.913m, a deficit of £8.861m.

Member contributions vary between 5.5% and 7.5%. The cost to the company during the year was £5.5m and employer's contributions to the LGPS by WDH for the year ended 31 March 2009 were £4.18m (2008: £4.03m) and the employer's contribution rate was set at 14.1% of pensionable salaries from 1 April 2008. In addition, during the year a contribution of £3.25m was received from Wakefield Council in respect of the arrangement agreed in the Transfer Agreement.

Financial assumptions

	31 March 2009	31 March 2008
	% per annum	% per annum
Discount rate	7.10	6.10
Future salary increases	5.05	5.35
Future pension increases	3.30	3.60
Inflation assumption	3.30	3.60

Mortality assumptions

The post-retirement mortality assumptions used to value the benefit obligation at March 2008 and March 2009 are based on the PA92 series projected to calendar year 2029 for non-pensioners.

Within the past three years, investigations have been carried out by the scheme actuaries into the mortality experience of the association's scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

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

The assumed life expectations on retirement at age 65 are:

	2009	2008
	No. of	No. of
	years	years
Retiring today:		
Males	20.3	20.3
Females	24.0	24.0
Retiring in 20 years:		
Males	21.3	21.3
Females	25.0	25.0

Amounts recognised in the balance sheet:

	2009	2008
	£'000	£'000
Present value of funded obligations	92,913	111,373
Fair value of plan assets	<u>(84,052)</u>	<u>(95,521)</u>
	8,861	15,852
Present value of unfunded obligations	-	-
Unrecognised past service cost	<u>-</u>	<u>-</u>
Deficit	8,861	15,852
Related deferred tax asset	-	-
Net liability	<u>8,861</u>	<u>15,852</u>
Amounts in balance sheet		
Liabilities	8,861	15,852
Assets	<u>-</u>	<u>-</u>
Net liability	<u>8,861</u>	<u>15,852</u>

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

	2009	2008
	£ '000	£ '000
Current service cost	5,455	4,510
Expected return on pension scheme assets	(6,797)	(5,573)
Interest on pension scheme liabilities	6,969	5281
Curtailments	-	12
Past Service Cost	-	1,532
Total operating charge	<u>5,627</u>	<u>5,762</u>

£5,455k (2008: £4,510k) was charged to the operating surplus and £172k (2008: £292k) was charged to interest payable.

Notes to the Financial Statements**9. Employees (continued)****Changes in present value of defined benefit obligation:**

	2009	2008
	£ '000	£ '000
		Restated
Opening defined benefit obligation	15,852	19,362
Service cost	5,455	6,042
Interest cost / (income)	172	(292)
Actuarial gains	(5,793)	(1,242)
Losses on curtailments	-	12
Benefits paid	(6,825)	(8,030)
	<u>8,861</u>	<u>15,852</u>

Major categories of plan assets as a percentage of total plan assets:

	2009	2008
Equities	62.0%	71.7%
Bonds	18.3%	13.4%
Property	4.2%	5.1%

Actual return on plan assets:

	2009	2008
	£ '000	£ '000
Actual return on plan assets	(19,200)	(2,702)
	<u>(19,200)</u>	<u>(2,702)</u>

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

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

	2009	2008	2007	2006
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	92,913	111,373	95,096	92,382
Fair value of scheme assets	(84,052)	(95,521)	(78,263)	(55,175)
Deficit on scheme	8,861	15,852	16,833	37,207
Experience adjustments on plan liabilities	-	-	-	-
Experience adjustments on plan assets	-	-	-	-

10. Board Members and Executive Directors

	2009	2008
	£'000	£'000
Emoluments of the Executive Directors (including pension contributions and benefits in kind)	491	610
	<u> </u>	<u> </u>
Emoluments (excluding pension contributions) paid to the Chief Executive, being the highest paid Director	146	143
	<u> </u>	<u> </u>

The Chief Executive is a member of the WYPS. He 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.

None of the Board Members received emoluments. There was no compensation payable to Directors or past Directors in respect of loss of office and there was no consideration payable to third parties for making available the services of any person to perform the role of Director.

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

	Group		WDH	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Current Tax				
UK Corporation Tax on result for the period	-	-	-	-
Adjustments in respect of prior periods	-	-	-	-
Total Current Tax (note 11b)	-	-	-	-
Deferred Tax				
Origination and reversal of timing differences	-	(3)	-	-
Total Deferred Tax	-	(3)	-	-
Tax on deficit on ordinary activities	-	(3)	-	-

(b) Factors affecting tax charge for the year

The tax assessed differs from the standard rate of Corporation Tax in the UK (28%). The differences are explained below:

	Group		WDH	
	Restated	Restated	Restated	Restated
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Deficit on ordinary activities before tax	(49,062)	(32,939)	(49,062)	(32,939)
Adjustment in respect of charitable activities	49,062	32,949	49,062	32,939
Surplus on ordinary activities subject to tax	-	10	-	-
Surplus on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 28%	-	-	-	-
Effects of:				
Utilisation of losses	-	(3)	-	-
Current tax charge for period (note 11a)	-	-	-	-

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

GROUP and WDH – 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	Homespace properties under construction £'000	Total properties £'000
Cost or valuation								
At 1 April 2008	164,292	45,129	2,572	1,016	551	1,202	1,202	215,964
Additions	5,378	32,191	1,351	861	260	749	400	41,190
Transfer from other fixed assets	350	-	-	-	-	-	-	350
Schemes completed	42,169	(42,169)	-	-	-	1,324	(1,324)	-
Disposals	(34)	-	-	-	-	-	-	(34)
Valuation adjustment	59,770	-	-	(1,491)	-	-	-	58,279
At 31 March 2009	271,925	35,151	3,923	386	811	3,275	278	315,749
Depreciation and impairment								
At 1 April 2008	-	-	-	-	-	5	-	5
Depreciation charged in year	4,017	-	-	15	-	61	-	4,093
Released on disposal	(3)	-	-	-	-	-	-	(3)
Valuation adjustment	(4,014)	-	-	(15)	-	-	-	(4,029)
At 31 March 2008	-	-	-	-	-	66	-	66
Depreciated cost								
At 31 March 2009	271,925	35,151	3,923	386	811	3,209	278	315,683
At 31 March 2008	164,292	45,129	2,572	1,016	551	1,197	1,202	215,959
Social Housing and other Grant								
At 1 April 2008	-	-	1,165	-	250	300	285	2,000
Additions	1,996	-	590	835	97	505	(285)	3,738
Valuation adjustment	(1,996)	-	-	(835)	-	-	-	(2,831)
At 31 March 2009	-	-	1,755	-	347	805	-	2,907
Net book value								
At 31 March 2009	271,925	35,151	2,168	386	464	2,404	278	312,776
At 31 March 2008	164,292	45,129	1,407	1,016	301	897	917	213,959

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 full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Standards fifth Edition of the Royal Institution of Chartered Surveyors and incorporates the regulatory requirements of the TSA. Properties at valuation under EUV-SH have a carrying value of £307.5m (2008: £210.48m). In valuing the housing properties, discounted cash flow methodology was adopted with a real discount rate of 6.5% (2008: 6.5%).

The valuation assumes that annual rent increases are in line with WDH's Rent Plan to achieve convergence with target rent levels in accordance with the TSA's requirements. The annual rate of inflation adopted for the valuation is 5% for year one, 0% for year two, 1% for year three, and 2.5% for year four onwards. Prior year inflation adopted was year one 3.9% and year two onwards was 2.5%.

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 WDH

	2009	2008
	£'000	£'000
Historical cost	228,714	187,208
Social Housing and Other G	(7,882)	(4,146)
Depreciation and impairment	(7,360)	(3,849)
	<u>213,472</u>	<u>179,213</u>

Social Housing and Other Grants**Group and WDH**

	2009	2008
	£'000	£'000
Total accumulated SHG and Other Grants receivable at 31 March:		
Capital grant	7,882	4,146
Revenue grant	-	-
	<u>7,882</u>	<u>4,146</u>

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

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

Group and WDH

	2009	2008
	£ '000	£ '000
Freehold land and buildings	312,685	213,911
Long leasehold land and buildings	91	48
Short leasehold land and buildings	-	-
	<u>312,776</u>	<u>213,959</u>
	<u><u>312,776</u></u>	<u><u>213,959</u></u>

The group and WDH have five (2008:5) social housing properties held for letting and two (2008:2) low cost shared ownership properties on long leaseholds.

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

	2009	2008
	£ '000	£ '000
Amounts capitalised	32,191	34,744
Amounts charged to income and expenditure account	70,029	64,967
	<u>102,220</u>	<u>99,711</u>
	<u><u>102,220</u></u>	<u><u>99,711</u></u>

Notes to the Financial Statements**13. Tangible Fixed Assets - Other****GROUP AND WDH**

	Freehold offices £'000	Plant and Equipment £'000	Furniture fixtures and fittings £'000	Computers and office equipment £'000	Motor vehicle £'000	Total £'000
Cost						
At 1 April 2008	1,474	212	2,154	5,030	965	9,835
Additions	231	12	47	1,443	15	1,748
Transfer to Housing Properties	(350)	-	-	-	-	(350)
Disposals	-	-	-	-	(19)	(19)
At 31 March 2009	<u>1,355</u>	<u>224</u>	<u>2,201</u>	<u>6,473</u>	<u>961</u>	<u>11,214</u>
Depreciation						
At 1 April 2008	56	18	235	1,384	537	2,230
Depreciation charged in year	26	44	236	980	199	1,485
Impairment	134	-	-	-	-	134
Released on disposal	-	-	-	-	(10)	(10)
At 31 March 2009	<u>216</u>	<u>62</u>	<u>471</u>	<u>2,364</u>	<u>726</u>	<u>3,839</u>
Net book value						
At 31 March 2009	<u>1,139</u>	<u>162</u>	<u>1,730</u>	<u>4,109</u>	<u>235</u>	<u>7,375</u>
At 31 March 2008	<u>1,418</u>	<u>194</u>	<u>1,919</u>	<u>3,646</u>	<u>428</u>	<u>7,605</u>

Notes to the Financial Statements**13. Tangible Fixed Assets – Other (continued)**

There are no tangible fixed assets purchased under finance leases.

Impairment

There was an impairment charge during the year ended 31 March 2009 of £134K in relation to the closure of three depots (2008: £Nil).

14. Properties for sale

	Group		WDH	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Properties held for sale	1,138	1,405	1,138	1,405
Shared ownership properties under construction	811	551	811	551
Outright sale properties under construction	753	-	753	-
	<u>2,702</u>	<u>1,956</u>	<u>2,702</u>	<u>1,956</u>

15. Investment in Subsidiaries

As required by statute, the Financial Statements consolidate the result of WDHS. This company was a subsidiary of WDH at the end of the year. WDH has the right to appoint members to the Board of the subsidiary and thereby exercises control over it. WDH is the ultimate parent undertaking.

During the year WDH provided management services for WDHS and charged WDHS £13k (2008: £1K).

16. Debtors

	Group		WDH	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Due within one year				
Rent and service charges receivable	7,025	6,166	7,025	6,166
Less: Provision for bad and doubtful debts	(4,276)	(3,711)	(4,276)	(3,711)
	<u>2,749</u>	<u>2,455</u>	<u>2,749</u>	<u>2,455</u>
Sundry Debtors	1,551	1,280	1,501	1,223
Less: Provision for bad and doubtful debts.	(669)	(425)	(669)	(425)
	<u>882</u>	<u>855</u>	<u>832</u>	<u>798</u>
	<u>3,631</u>	<u>3,310</u>	<u>3,581</u>	<u>3,253</u>

Notes to the Financial Statements**16. Debtors (continued)**

In addition to the rent and service charges receivable stated above there is £1.6m (2008: £2.1m) in relation to former tenant arrears transferred from Wakefield Council at 21 March 2005. These amounts have not been recognised in debtors because they were fully provided for at the time of transfer.

17. Other Debtors

	Group		WDH	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Due within one year				
Other debtors	2,797	5,793	2,641	5,802
Prepayments and accrued income	1,472	534	1,472	534
Amounts due from Wakefield Council in respect of actuarial pension deficit at date of transfer	-	2,650	-	2,650
Amount due from WDH Solutions	-	-	291	34
	<u>4,269</u>	<u>8,977</u>	<u>4,404</u>	<u>9,020</u>

18. Stock and Work in Progress

Group and WDH	2009 £'000	2008 £'000
Stock – building materials	144	87
	<u>144</u>	<u>87</u>

19. Creditors: Amounts Falling Due Within One Year

	Group		WDH	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade creditors	5,267	7,433	5,267	7,433
Rent and service charges received in advance	1,043	911	1,043	911
Other creditors	3,404	3,733	3,404	3,732
Accruals and deferred income	8,948	9,823	8,910	9,810
	<u>18,662</u>	<u>21,900</u>	<u>18,624</u>	<u>21,886</u>

Notes to the Financial Statements**20. Creditors: Amounts Falling Due After More Than One Year**

	Group		WDH	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Debt (note 22)	240,000	161,000	240,000	161,000
	<u>240,000</u>	<u>161,000</u>	<u>240,000</u>	<u>161,000</u>
	=====	=====	=====	=====

21. Advance Receipts and Payments

Immediately prior to entering into the Stock Transfer Agreement between Wakefield Council and WDH, 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/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 / 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 2009 £337m (2008: £232m) of the improvement works had been undertaken.

Notes to the Financial Statements**22. Debt Analysis****Group and WDH**

	2009	2008
	£'000	£'000
Due within one year		
Bank loans	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Group and WDH

	2009	2008
	£'000	£'000
Due after more than one year		
Bank loans	240,000	161,000
	<u>240,000</u>	<u>161,000</u>
	<u>240,000</u>	<u>161,000</u>

Group and WDH

	2009	2008
	£'000	£'000
Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
After five years	240,000	161,000
	<u>240,000</u>	<u>161,000</u>
	<u>240,000</u>	<u>161,000</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 1.38% to 5.86%. The final instalments of current loans fall to be repaid by 15 March 2032. At 31 March 2009, WDH had un-drawn loan facilities of £180m (2008: £259m).

23. Non Equity Share Capital

There are no issued shares.

Notes to the Financial Statements**24. Reserves**

Group	Revaluation Reserve – Housing Properties £'000	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2008 as previously stated	36,435	10,780	47,215
Prior year adjustment (note 32)	-	(2,478)	(2,478)
	<hr/>	<hr/>	<hr/>
At 1 April 2008 as restated	36,435	8,302	44,737
Deficit for the year	-	(49,062)	(49,062)
Unrealised movement on revaluation of properties	65,140	-	65,140
Actuarial gain relating to pension scheme	-	5,793	5,793
Transfer in respect of depreciation on revalued properties	(581)	581	-
	<hr/>	<hr/>	<hr/>
At 31 March 2009	100,994	(34,386)	66,608
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2009, the revenue reserve included £8,861k defined pensions liability (2008: £15,852k).

WDH	Revaluation Reserve – Housing Properties £'000	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2008 as previously stated	36,435	10,780	47,215
Prior year adjustment (note 32)	-	(2,478)	(2,478)
	<hr/>	<hr/>	<hr/>
At 1 April 2008 as restated	36,435	8,302	44,737
Deficit for the year	-	(49,062)	(49,062)
Unrealised movement on revaluation of properties	65,140	-	65,140
Actuarial gain relating to pension scheme	-	5,793	5,793
Transfer in respect of depreciation on revalued properties	(581)	581	-
	<hr/>	<hr/>	<hr/>
At 31 March 2009	100,994	(34,386)	66,608
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2009, the revenue reserve included £8,861k defined pensions liability (2008: £15,852).

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

Capital expenditure commitments were as follows:

Group and WDH

	2009	2008
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	286,332	176,042
Expenditure authorised by the Board, but not contracted	192,116	237,140
	<u>478,448</u>	<u>413,182</u>
	<u><u>478,448</u></u>	<u><u>413,182</u></u>

The above commitments will be financed primarily through borrowings of £200m which are available for draw down under existing loan arrangements, with the balance of £278m funded through revenue receipts and social housing grant.

Operating Leases

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

	2009	2008
	£'000	£'000
(i) Land and buildings, leases expiring		
Within one year	107	131
One to five years	-	17
Beyond five years	900	950
	<u>1,007</u>	<u>1,098</u>
	<u><u>1,007</u></u>	<u><u>1,098</u></u>
(ii) Office equipment and computers expiring		
Within one year	32	1
One to five years	35	5
Beyond five years	-	-
	<u>67</u>	<u>6</u>
	<u><u>67</u></u>	<u><u>6</u></u>
(iii) Motor vehicles expiring		
Within one year	24	104
One to five years	1,399	1,568
Beyond five years	-	-
	<u>1,423</u>	<u>1,672</u>
	<u><u>1,423</u></u>	<u><u>1,672</u></u>

Notes to the Financial Statements**26. Contingent Liabilities**

WDH had no contingent liabilities at 31 March 2009 (2008: nil).

27. Reconciliation of Operating Deficit to Net Cash Outflow from Operating Activities

	2009	2008
	£'000	£'000
Operating deficit	(39,849)	(27,482)
Depreciation	5,578	3,664
Impairment	134	-
Pensions operating charge	5,455	6,054
Pension contributions paid	(4,175)	(4,030)
	<u>(32,857)</u>	<u>(21,794)</u>
Working capital movements		
Stock	(57)	356
Debtors	1,737	(5,149)
Properties held for sale	(746)	-
Creditors	(3,238)	1,158
	<u>(35,161)</u>	<u>(25,429)</u>
	<u><u>(35,161)</u></u>	<u><u>(25,429)</u></u>

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

	2009	2008
	£'000	£'000
Decrease in cash	(4,361)	(8,150)
Cash inflow from increase in debt and lease finance	(79,000)	(64,000)
	<u>(83,361)</u>	<u>(72,150)</u>
Increase in net debt from cash flows	<u>(83,361)</u>	<u>(72,150)</u>
Net debt at 1 April	(153,405)	(81,255)
	<u>(236,766)</u>	<u>(153,405)</u>
Net debt at 31 March	<u><u>(236,766)</u></u>	<u><u>(153,405)</u></u>

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

Group and WDH	1 April 2008 £'000	Cash Flow £'000	31 March 2009 £'000
Cash at bank and in hand	7,595	(4,361)	3,234
Changes in cash	<u>7,595</u>	<u>(4,361)</u>	<u>3,234</u>
Current asset investment			
Loans	(161,000)	(79,000)	(240,000)
Changes in debt	<u>(161,000)</u>	<u>(79,000)</u>	<u>(240,000)</u>
Net debt	<u>(153,405)</u>	<u>(83,361)</u>	<u>(236,766)</u>

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

Other than debtors, financial assets held are overnight cash deposits of £1.98m (2008: £6.4m) and are held at call. 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:

	2009 £'000	2008 £'000
Floating rate	140,000	111,000
Fixed rate	100,000	50,000
Total (note 22)	<u>240,000</u>	<u>161,000</u>

The floating rate financial liabilities comprise bank loans that bear interest at rates based on the six-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 facilities available at 31 March, in respect of which all conditions precedent had been met, were as follows:

	2009	2008
	£'000	£'000
Overdraft expiring in one year or less	2,500	2,500
Expiring in more than one year but not more than two years	-	-
Loan facility expiring in more than two years	420,000	420,000
	<u>422,500</u>	<u>422,500</u>
	<u><u>422,500</u></u>	<u><u>422,500</u></u>

31. Related Parties

At the year end there were five Tenant Members of the Board: Colleen Adamson, Vice Chair; John Anderson; Derek Cooper; Penelope Stubbins; and Elizabeth Sykes. 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 five Council Members who are elected members of Wakefield Council: Denise Jeffrey, Vice Chair; Ron Halliday; Mike Walker, Kay Binnersley and Jacqui Williams. The group undertakes transactions with Wakefield Council at arms length in the normal course of business.

A Board Member is engaged with an organisation with whom WDH contracts; Ken Taylor is Executive Director of Groundwork Wakefield. WDH undertakes transactions with this organisation at arms length in the normal course of business.

Notes to the Financial Statements**32. Prior Year Adjustment**

The prior year adjustment reflects a change in the valuation basis for the pension scheme assets in accordance with the updated requirements of FRS 17 (Revised) 'Retirement benefits'.

The effect of the change in accounting policy is an increase in the pension liability of £2.478m at 31 March 2008, and a decrease in the revenue reserve of £2.478m. The effect on the group's and WDH's deficit for the year ended 31 March 2008 is to reduce the deficit by £51,000.

Group and WDH	Cumulative prior year adjustment to 31 March 2007 £'000	Prior year adjustment for 2007/2008 £'000	Cumulative prior year adjustment to 31 March 2008 £'000
Income and Expenditure Account			
Other finance income	2,529	175	2,704
Revenue Reserves			
Revenue reserves as previously stated at 31 March	42,513	-	(10,780)
Less: Other finance costs and Unrealised actuarial gain	2,529	(51)	2,478
Revenue reserves at 31 March as restated	<u>45,042</u>		<u>(8,302)</u>
Net pension liability As previously stated at 31 March	(16,833)	-	(13,374)
Less: Other finance costs and unrealised gains	(2,529)	51	(2,478)
As restated at 31 March	<u>(19,362)</u>		<u>(15,852)</u>