

Report and Financial Statements

for the year ended
31 March 2011



delivering promises, improving lives

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Board Members, Executive Directors, Advisors and Bankers

Board

Chair

Ken Taylor

Vice Chairs

Colleen Adamson

Denise Jeffery

Other Members

Kay Binnersley

Derek Cooper

Dr Margaret Faull OBE

Dave Spedding

Elizabeth Sykes

Mike Walker

Andrew Wright

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

Executive Director of People

Gillian Pickersgill

Registered Office

Merefield House

Whistler Drive

Castleford

West Yorkshire

WF10 5HX

Registered Numbers

Registered as a Charitable Social Landlord
Number 1107623

Registered under the Companies Act 2006
Number 4948519

Registered by the Tenant Services Authority
Number L4441

Auditors

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

Solicitors

Trowers and Hamblins
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 2011.

Principal activities

Wakefield and District Housing Limited (WDH) is a registered provider incorporated under the Companies Act 2006 as a private limited company limited by guarantee. WDH is registered as a charity in accordance with the Charities Act 1993. WDH is a not for profit registered provider administered by a voluntary Board. The other member of the group is WDH Solutions Limited (WDHS), a company incorporated under the Companies Act 2006 and limited by guarantee.

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

Public benefit

WDH has considered the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and planning future activities. All of the charitable activities of WDH, details of which are in the Operational and Financial Review, are undertaken for the benefit of local communities. The charitable objectives of the organisation are:

- to provide housing and associated amenities for persons in need on affordable terms;
- to provide for aged, disabled or chronically sick persons housing and associated services, advice or assistance specially designed or adapted to meet the disabilities and requirements of such persons;
- to provide recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of local communities;
- to relieve poverty amongst residents of local communities;
- the advancement of education, training or retraining, particularly among unemployed people, and providing unemployed people with work experience;
- maintain, improve or provide local public amenities for the public benefit in the interests of regeneration in local areas of social and economic deprivation.

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 £25.5m (2010: £48.4m) at the year end, the group's reserves amounted to £301.6m (2010: £166.4m). The increase in reserves has arisen from the revaluation of the housing stock and an actuarial gain relating to the pension scheme of the employees of the company.

Donations

The group made donations of £20,757 (2010: £31,222) through local management committees (LMCs). Thirty Community Grants were made for local schemes, none of which exceeded £1,000.

The group made no political donations (2010: £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.

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 each of its tenants. The company will undertake Equality Impact Assessments (EIA) of all policies, procedures and processes across the seven strands: race; gender; gender re-assignment; disability, sexual orientation; religion or belief; and age.

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. Outcomes from the group Corporate Health and Safety Committee meeting minutes are reported to the Board.

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 1. At the year end, WDH had nine Board Members: three members from Wakefield Council, three 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 similar terms as other employees. Their notice periods however, are 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.

National Housing Federation Excellence in Governance

WDH are pleased to report that the group complies with the principal recommendations of the National Housing Federation Excellence in Governance (revised 2010) and is committed to achieving Excellence in Governance.

Tenant involvement

Tenants are at the heart of decision-making. WDH actively encourages and facilitates tenants' involvement in decision making by promoting opportunities for tenant involvement. WDH has three 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 tenants and they meet regularly with the Board to make sure local issues are given due consideration in decision-making.

Complaints

WDH has a clear and simple, three stage complaints policy that is issued to all tenants. WDH encourages the submission of comments, compliments, or complaints; the organisation recognises the value these contributions make to the continuous improvement of the services it provides.

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 organisation.

The system of internal control is designed to manage, rather than eliminate, the risk of the 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 2010 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 the Audit and Operational 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;
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets; and
- regular monitoring of loan covenants and requirements for new loan facilities.

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 Executive Directors, as set out on page 1, confirm the following.

- So far as each Executive 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 Executive Director has taken all the steps that they ought to have taken as an Executive Director 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 (AGM)

The Annual General Meeting (AGM) will be held on 21 July 2011 at Merefield House, Whistler Drive, Castleford.

External auditors

A resolution to re-appoint Grant Thornton UK LLP, as auditors of the company will be proposed at the forthcoming AGM. The appointment of the external auditors of the company is current the subject of a tendering exercise that will complete in October 2011.

Approval

The report of the Board was approved by the Board on 21 July 2011 and signed on its behalf by:

Ken Taylor
Chair

Activities

WDH is a registered provider 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; and
- supported housing and care for people who need additional housing related support or additional care.

Over the past 12 months WDH has continued to make a significant investment in people, property and places. The organisation is utilising its capacity and scale to deliver broad-ranging social and economic benefits to local communities through a £720 million improvement programme and through broader community engagement and regeneration work. WDH has a Regeneration Model that puts the organisation at the centre of community development within the Wakefield area.

WDH ensures that services are improved continuously for the benefit of local communities 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. To make sure that the organisation is at the forefront of delivering positive, tenant led change, WDH has set itself four strategic objectives:

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

These objectives are underpinned in a revised Performance Management Framework (PMF) to deliver change through four major programmes.

Vision

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

There are three key objectives of the Vision of WDH:

By 2015

To offer real choice and opportunity by improving homes to modern standards and providing housing solutions that reflect changing modern lifestyles through:

- providing resources to improve access to all forms of housing;
- developing financial packages for new emerging households and first time buyers;
- developing ecological and sustainable homes;
- encouraging people to live independently in their current homes through the use of support technologies; and
- offering a range of housing solutions to prevent accidents and promote individual well being.

By 2020

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

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

By 2025

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

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

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 that are of concern to tenants on individual estates, such as crime, employment, educational attainment levels and housing demand. This approach identifies local solutions for local issues, integrating social and financial inclusion initiatives with physical improvements, and creating places where people want to live.

Mission

It is the stated mission of WDH 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 the continuous improvement of services, 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 to work with integrity. The adoption of these values promotes the delivery of excellence within the organisation and establishes WDH as an employer of choice. WDH will improve the quality of life of local communities through innovative partnership working by:

- building a more competitive knowledge economy through supporting entrepreneurship, encouraging local innovation, and developing a skilled and flexible workforce;
- improving economic prospects by reducing deprivation and inequality and by improving health and tackling crime;
- improving the quality of the environment by investing in housing, promoting respect, and by improving green and open spaces; and
- promoting self-sufficiency through sustained investment and by developing future leaders.

Achievements

After completing its first milestone towards achieving its Vision by creating neighbourhoods where people want to live, WDH successfully invested in the following areas during the year in order to support tenant priorities:

- over £8m invested in providing timely responses to fixing repairs identified by tenants and in the provision of fencing to maintain and improve the quality of accommodation and estates;
- nearly £5.5m invested in improving local environments and estates, including the provision of grounds maintenance and tree management;
- over £20m invested in the regeneration of local communities through the building of additional homes;
- WDH invested £220k in tackling the fear of crime through tenancy support teams, community service partnerships, and the provision of a mediation service;
- over £1.5m spent supporting independence in the lifestyles of tenants through the adaptation of properties and improvements in health and employment prospects; and
- over £1m invested in improving the life chances of young people in the district for the benefit of current and future generations of tenants.

The organisation's journey to deliver its Vision and create confident communities has made sure that WDH has achieved many successes during the last year.

- Employees of WDH visited every one of the company's 31,000 homes to consult with each tenant on the proposed Customer Charter Standards.
- The British Quality Foundation UK Business Excellence Award was awarded to WDH recognising the organisation's commitment to delivering excellence.
- WDH was the only organisation to be awarded a Gold Award for Sustainable Homes Index For Tomorrow, a benchmark created by the World Wildlife Fund, the Homes and Communities Agency (HCA), and the UK Green Building Council.
- A customer profiling exercise was undertaken that has secured updated information on 75% of tenants to allow the delivery of more personalised services.
- The company was awarded Level 1 Investors in Diversity accreditation.
- Service Assessment Panels have been established to support the company's commitment to ensuring scrutiny and challenge is applied to services and performance.
- The organisation launched the Smarter Lifestyle programme, a multi agency approach improving the life chances of tenants and to break cycles of deprivation through engagement with individuals.

Four key programmes have been instigated, aligned to the strategic objectives of the organisation to make sure that the Vision becomes a reality.

Strategic Objective	Challenges to Address	Programme	Target to 2015
Be a landlord of choice by putting the customer first	Increased tenant satisfaction	Tenant Priorities Programme	To have tailored services to meet local needs by delivering the Local Offer
Adopt best practice in good governance to be a well-managed business	Changes to the regulatory framework and inspection regime	Excellence Programme	To meet the Tenant Services Authority (TSA) excellence standard by having an approved Annual Report
Be a positive force through leadership and influence to develop the potential of our people	Changes in market forces and demographic context	Shaping our Future Programme	To have a flexible, skilled and engaged workforce by implementing the revised ways of working
Be a partner of choice to create better places to live	Need for effective partnership working	Smarter Lifestyles Programme	To carry out an annual tenant lifestyle review to reduce deprivation indicators

External influences

The introduction of the Affordable Rent model represents a firm shift away from supply side subsidies, in the form of capital grants, towards demand side subsidies that are currently provided by Housing Benefit. The level of grant funding has been significantly reduced for the current Comprehensive Spending Review period ending 2015. There is a significant probability that capital subsidies may disappear altogether beyond this date. The coalition Government's emphasis on reducing the national debt is anticipated to impact on the housing sector in four significant areas:

- the funding settlement for government department of Communities and Local Government (CLG), which may further impact upon capital funding, and resource availability for partner organisations;
- changes to welfare benefit entitlements and their means of delivery, particularly Housing Benefit;
- increases in Value Added Tax (VAT) and personal taxation, and a reduction in disposable income; and
- uncertainty over future rent setting regimes.

Performance and development

On 1 April 2010 the Regulatory Framework for Social Housing in England was launched, this introduced six national standards:

Home including the quality of accommodation, and repairs and maintenance.

WDH is investing £720m in improvements to existing properties. The programme is on schedule with 3,687 homes having been improved during the year.

Tenant Involvement and Empowerment including customer service, choice, and complaints.

WDH provided 19,000 opportunities for consultation and engagement. During the year 106 complaints were handled with 88% of those tenants involved stating that they are satisfied that the decisions reached were clear and easy to understand.

Tenancy including allocations, rent and tenure.

Homesearch, the choice based lettings system of WDH, attracted 7,491 new members during the year, taking the total membership to 24,550.

Neighbourhood and Community including management, local area co-operation, and antisocial behaviour (ASB).

Tenant satisfaction with how quickly WDH makes contact with them is 85% and 76% are satisfied with how their Antisocial Behaviour complaint is dealt with. Working closely with agencies such as Primary Care Trust, Jobcentre Plus, and Adult and Community Education services, WDH has found work for 206 tenants over the last two years.

The other two standards, **Value for Money** and **Governance and Financial Viability**, are dealt with elsewhere in this report.

WDH has a PMF that is based on the balanced scorecard approach. The framework identifies the key performance indicators that will ensure the delivery of the organisation's strategic objectives. The highest-level scorecard is monitored by the Board on a quarterly basis. These indicators relate to the critical areas of business health of WDH: solvency, liquidity, compliance, reputation, and stability; the delivery of excellent customer service to stakeholders; and the measurement of social and economic impact on local communities.

Customer service

WDH has undertaken extensive consultation with tenants throughout the year in preparation for the launch of WDH's Customer Charter Standards; this is WDH's Local Offer to tenants. The charter sets out the level of service that tenants can expect to receive from WDH in respect of the following.

- Tenant contact with WDH.
- Keeping tenants informed.
- Making complaints.
- Finding a home with WDH.
- Money matters.
- Maintenance of tenants' properties and local environments.
- Improvements to tenants' homes.
- Specialist services.

A monitoring process has been developed with the support of tenants that will ensure that the standards of service that have been agreed are met in full. Performance results will be published quarterly.

WDH takes the views of its tenants very seriously and undertakes surveys 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 surveys. A STATUS survey measures 40 common satisfaction indicators across the sector and is summarised on the following table.

	2009/2010 STATUS Survey %	2010/2011 STATUS Survey %	Movement % points
Satisfaction with WDH as a landlord	86	89	3
Satisfaction with quality of home	93	95	2
Perception of rent as good value for money	81	83	2
Complaints dealt with within target	82	86	4
Satisfaction with improvement works	99	99	-
Satisfaction with the repairs service	85	88	3
Satisfaction with adaptations service	92	90	(2)
Satisfaction with how antisocial behaviour complaints are dealt with	73	76	3

WDH has seen satisfaction with services increase by 10% since the housing stock transfer in 2005. On a national scale, the organisation is amongst the country's top performers in terms of tenant satisfaction with their social landlord. In 2010, satisfaction against the most significant indicators has either increased or remained static compared with last year, indicating continuous improvements in performance in most areas across the organisation. These positive shifts in satisfaction are supported by qualitative comments from tenants, many of which are very complimentary about WDH and its employees.

Tenant satisfaction with the overall service provided by WDH has increased to 89% and the percentage of tenants that are happy with the overall quality of their accommodation has increased from 93% to 95%. An indicator that WDH delivers value for money is that 83% of tenants believe that rents are good value for money, a 2% improvement on the previous year. There has been an improvement in the number of complaints dealt with within target from 82% last year to 86% this year and tenant satisfaction with the strategic partners engaged to undertake the major improvement programme has remained exceptionally high at 99%.

The main reason tenants contact WDH is to report repairs, therefore delivering effective, value for money repairs and maintenance services is critical to meeting tenants' needs. These services are one of the most important issues to tenants. Tenant satisfaction with how WDH deals with repairs and maintenance has improved to 88%. Whilst there has been a slight reduction of the level of satisfaction with the adaptation service of WDH, the positive outturn remains very high at 90%.

Other significant improvements in satisfaction during this year are in respect of neighbourhoods as a place to live; advice provided to tenants about rent payments; advice provided on moving home; support provided to new tenancies; support provided to vulnerable tenants; and how enquiries are dealt with. Increases in satisfaction in these areas reflects the strive for continuous improvements in cost effective service delivery.

WDH recognises that there are variations within sub groups of tenants in terms of satisfaction and these will be targeted as areas for improvement. In particular, younger tenants have been found to demonstrate lower levels of satisfaction generally than older tenants. WDH has identified different levels of satisfaction in different geographic areas but it is recognised that there is potential distortion arising from the timing of improvement programme works. Further research is being undertaken to identify the cause of such variations in satisfaction.

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	2008/2009	2009/2010	2010/2011	2011/2012 Target
Black and minority ethnic (BME) employees as a percentage of workforce	1.5%	1.91%	2.12%	2.25%
Average number of days lost to sickness for each employee	10.63 days	9.48 days	7.99 days	8 days
Percentage of employees who think WDH is a good employer to work for	86.0%	86.0%	93.0%	100.0%
Percentage of senior managers who are women	29.4%	36.0%	30.0%	40.0%

The percentage of BME employees as a proportion of the workforce is 2.12%, against a target of 2.25% set for next year that would more accurately reflect local demographics. The average rate of sickness per employee, including long-term illness, has reduced significantly at 7.99 days.

The direction of travel on the majority of the indicators measured through the annual employee survey continues to be positive. Overall satisfaction with working for WDH has increased again this year to 86%. Some 93% of employees think that WDH is a good firm to work for and 92% of employees say they would recommend WDH as an employer. All employees who have worked for WDH for less than a year would recommend the organisation to other prospective employees. The majority of employees say they are happy working for WDH and 73% state that they hope to pursue their career with WDH. Three quarters of employees said they thought WDH was effective in terms of the delivery of employee training and development.

Sustainable communities

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 through investment in people, property and places. WDH recognises that having a decent home is not the only factor that contributes towards sustainable and rewarding lifestyles in neighbourhoods where people want to live.

Description of indicator	2008/2009	2009/2010	2010/2011	2011/2012 Target
Number of homes made decent	3,145	2,919	2,053	524
Percentage of people satisfied with their neighbourhood as a place to live	82%	81%	85%	90%
Number of new homes built	80	103	153	173
Housing stock failing to meet the Decent Homes Standard	24%	8.9%	2.4%	1.7%

Value for money (VFM)

WDH is committed to providing services that represent the best possible VFM for tenants and other stakeholders. Demand for WDH services is constantly increasing and this demand has to be serviced from the finite resources available to the organisation. To meet this challenge, the efficient, effective and economic management of resources continues to be one of the organisation's highest priorities and has facilitated the redirection and reinvestment of £3.1m of resources during the year towards meeting the priorities for spending identified by tenants.

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

- WDH invested £220k in tackling the fear of crime through tenancy support teams, community service partnerships, and the provision of a mediation service;
- over £1.5m spent supporting independence in the lifestyles of tenants through the adaptation of properties and improvements in health and employment prospects; and
- over £1m invested in improving the life chances of young people in the district for the benefit current and future generations of tenants.

Efficiencies for the year are incorporated into re-based budgets for the following year, they are not reported cumulatively. Efficiency targets are set each year and efficiency gains are reported monthly through detailed Management Accounts; quarterly, through performance challenge meetings and meetings of the VFM Group; and annually through the internal Annual Efficiency Statement (AES).

Diversity and inclusion

The Diversity and Inclusion Strategy of WDH supports all employees and service users in order to maximise their full potential through the creation of healthier, greener, safer, sustainable, and confident communities. Diversity and inclusion is deemed to be everybody's responsibility within WDH and is an integral part of the way all activities are undertaken. The strategy is about recognising and valuing difference and responding to the different needs of individual service users and employees in how day to day work is carried out.

WDH has a well developed system of governance for Diversity and Inclusion. In line with changes to the legislation, the current Diversity and Inclusion Strategic Framework and the Disability and Gender Equality schemes have been reviewed and combined into a Single Equality Scheme which includes not just race, disability and gender but also religion and belief, sexuality, age and caring responsibilities.

The Diversity and Inclusion Strategy and the Single Equality Scheme meet expected best practice principles in that they:

- are led from the top with Board and the EMT sponsorship for the revised strategy and scheme;
- are easily understood by all employees and customers;
- embed diversity and inclusion into all existing processes, procedures and policies that relate to customers;
- embed diversity and inclusion in the recruitment, training, retention and promotion processes;
- embed diversity into project planning and management disciplines;
- have clear and concise action plans that translate into Team Plans everyone can understand and relate to;
- monitor and report on objectives and targets; and
- link to established performance indicators.

Rent arrears

The ability to collect rents efficiently and effectively continues to be a key financial priority. In the year to 31 March 2011, WDH achieved a collection rate of 99.9% of rental debits raised, compared with 99.7% in the previous year. On transfer, WDH purchased £2.97m former tenant arrears from Wakefield Council for £149k; at 31 March 2011 the balance of these arrears had reduced to £774k 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, have improved to 2.9% (2010: 3.28%) as a percentage of net rental income for the year.

Void properties

The programme of improvement works includes some of the most vulnerable tenants of WDH who reside in independent living schemes and the organisation has continued to decant a significant number of these tenants due to the invasive nature of the works. At the year end, reported voids were 1.77% of housing stock (2010: 2.0%), a decrease from the previous year. In total, 549 properties were empty as at 31 March 2011, 164 (30%) of which were management voids and 385 (70%) non-management voids. The average time taken to re-let properties was 31 days.

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.

WDH acknowledges its responsibility to ensure that its housing stock is as energy efficient as possible, and the importance of making sure that tenants are fully aware of the issues surrounding climate change and how they can help tackle it. The organisation is the first housing provider in Yorkshire to retro-fit older homes so that they become more eco-friendly and will reduce significantly household fuel bills. Initially, this programme is focussing on the deployment of solar photovoltaic (PV) systems to generate electricity, and the installation of external wall insulation on hard to treat properties. The company has completed a scheme of pilot properties to meet an 80% carbon reduction target, the UK carbon target for 2050, and the experience gained on these properties will influence the specification for an advanced retrofit programme.

WDH calculates its carbon footprint on an annual basis and has implemented a series of actions to ensure that it is a carbon neutral organisation by 2016. Carbon emissions will be reduced from office accommodation through the installation of renewable energy technologies, improvement of building fabric, updating of equipment within the buildings, and most importantly the education of employees who work within the buildings to help achieve the carbon neutral target. In 2011, WDH intends to achieve ISO14001 Environmental Management System accreditation, this will formalise the strategy adopted by WDH to secure future carbon reduction. Further improvements to the housing stock of WDH will result in improved Standard Assessment Procedure ratings for the properties and a reduction in carbon emissions.

Carbon Emissions

	2011 Tonnes	2010 Tonnes	2009 Tonnes
Energy Consumed	1,061	847	1,057
Commercial Vehicle Fleet	1,531	1,670	1,736
Car Usage	238	257	251
Housing Stock	92,319	104,693	110,487
	<u>95,149</u>	<u>107,467</u>	<u>113,537</u>

WDH is investing £13m in the development of the Park Dale Estate. This scheme, built on a brownfield site, is the largest carbon neutral social housing scheme of its kind in the UK. Heating is fuelled by a biomass district heating boiler powered by renewable wood pellets produced in Yorkshire that provides heating and hot water to 91 properties. Individual PV systems are installed on each property to generate electricity and that enable the WDH to sell power back to the National Grid. Through this approach the properties will have zero carbon emissions, hence reducing their impact on the environment.

The scheme consists of 91 properties built to the Code for Sustainable Homes Level 6 using traditional construction techniques. The properties will largely rely on the PV panels for electricity and a locally supplied sustainable wood pellet biomass boiler for heat. Other technologies have been installed such as a heat recovery system and eco-play toilets to ensure that waste is minimised. Code 6 refers to the highest level of reduced carbon emissions that a home can achieve under the Government's Code for Sustainable Homes.

Every one of the two, three and four bedroom homes on this scheme in Airedale near Castleford has mechanical ventilation and heat recovery systems; PV panels; superior levels of internal air tightness; and grey water recycling in addition to many more energy-saving features. It is expected that tenants will save significant amounts of money each year on household energy bills and reduced water bills from using recycled water to flush toilets.

Risks and uncertainties

Risks that could prevent WDH achieving its objectives are considered, reviewed and challenged regularly by the Audit Committee and the Board in the form of a balanced scorecard that focuses on operational excellence as well as financial viability. The Corporate Programme and Management Board (CPMB) review and challenge key risks, and actions taken to mitigate such risks, monthly 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 such risks are reported to the Board quarterly, including an assessment of the key controls used to manage the risks. Current key risks and uncertainties include:

Description of Risk	Rationale for the identification of WDH's Key Risks	How WDH is managing the Risk
Failure of the Business Plan or the achievement of strategic objectives as a result of the adverse impact of the current and anticipated economic climate and public sector spending constraints and the ability of tenants to pay their rent.	Uncertainty in the economic environment especially with regard to inflation, the impact and consequences of public spending cuts, future rent setting regimes and Housing Benefit reforms. The potential impact of a double dip recession or continued constraints on household budgets. Of significant concern is the risk concerning the wider review of welfare payments, which may introduce inclusion of Housing Benefit within a 'Universal Life Credit' payment which will be made direct to tenants.	Scenario testing of the sensitivity of the Business Plan to the package of tax increases, spending cuts and welfare reforms of recent budgets. The promotion of financial inclusion 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.

Description of Risk	Rationale for the identification of WDH's Key Risks	How WDH is managing the Risk
That the Affordable Risk model fails to deliver sufficient capacity to ensure future capital investment in new properties.	There is considerable uncertainty about the viability of this business model in respect of letting strategies, market valuations, rent differentials, and benefit dependency.	A realistic submission has been made to the HCA for the building of 493 properties to be financed through reduced grant funding and the conversion of 900 existing tenancies to affordable rents.
Failure to engage tenants in development, delivery and monitoring of local offers in support of Tenant Involvement and Empowerment Standard.	It is essential that WDH continues to actively seek to engage tenants and residents in defining and identifying the key issues affecting their lives.	The Lifestyle Agenda adopted by WDH is intended to focus support from many different perspectives on individual tenancies to leverage potential impact. 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.
Ineffective governance framework or failure to engage the Board and LMCs in developing and delivering WDH's Strategic Planning Framework.	Good corporate governance is essential for service delivery to tenants, particularly during periods of external challenges such as the current economic climate.	The effectiveness of the Board is reviewed yearly. The Board, LMC and the EMT operate within a Delegation Framework ensuring that effective internal controls and governance are maintained. Review of Memorandum and Articles and Standing Orders undertaken.
Failure to make sure Board composition is not weakened by vacancies and that its composition reflects the changing regulatory environment.	To ensure adequate continuity and coverage in terms of skill base and experience of existing Board and to have effective recruitment and selection, appraisal and training arrangements in place.	Annual standing down process, succession planning, and training and development plan instigated. Annual appraisal process in place supporting the statement of preferred composition. Recruitment and selection process aligned to statement of preferred composition and role profile. Attendance monitored and reported.

Description of Risk	Rationale for the identification of WDH's Key Risks	How WDH is managing the Risk
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. 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>Routine perimeter testing on all ICT systems to ensure security. There is a robust approach to back-up data and systems and a formal escalation process in Business Continuity arrangements ensures appropriate and timely action to mitigate threats</p>
Failure to achieve corporate objectives and performance targets.	An effective PMF is essential to make sure that the organisation makes progress against its key objectives and performance measures.	WDH has a rigorous approach to performance management, utilising external challenge and validation to make sure that continuous improvement is embedded and achieved.
Failure to improve and maintain assets to agreed standards within agreed resources.	Providing high quality homes that meet tenants' 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.

Financial highlights

The group's consolidated Income and Expenditure Account and Balance Sheet are summarised on pages 30 and 35 respectively. Table 1 on page 22 highlights the key features of the group's financial position at, and for the periods ended, 31 March 2011.

The group turnover for the year was £109.5m (2010: £106.2m), a 3.1% increase over the previous year. Income from social housing lettings has increased to £103.8m (2010: £100.7m) and income from other social housing activities has increased by 38% to £2.5m reflecting an increase in first tranche shared ownership sales. Income from non-social housing activities decreased from £3.8m to £3.3m largely due to the reduction in income from developments for sale. Operating costs are £141m, a reduction of £3m on the previous year.

The group is reporting a deficit of £26m during the year (2010: £48m), which is consistent with Business Plan expectations. WDH has continued its programme of significant investment in a major improvement programme, spending £72m during the year (2010: £92m) to improve the quality of its housing stock.

The pension liability relates to the West Yorkshire Pension Fund (WYPF) defined benefit scheme. The net liability of the pension fund at 31 March 2011 is £15m (2010: £49.5m). The reduction in this liability is a reflection of the negative past service cost arising from the announcement by the Government that the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) is to be used to uplift future pension benefits. WDH have treated this as creating a change in benefit to pensionable members because there is substantive evidence that there existed a constructive obligation to increase pensions by RPI. The latest triennial valuation of the fund of the scheme has confirmed that the contribution rates of WDH over the next three years are well within Business Plan parameters.

Increased interest charges reflect the draw down of an additional £39m during the year, from a revised loan facility of £510m, to fund the improvement programme. During the year the loan facility was increased from £420m to £510m. This additional borrowing capacity, secured against housing assets already charged as security, will be used to accommodate the improvement of a higher than expected number of properties due to the significant reduction of dwellings disposed of through the right to buy. The increased facility will also make sure that WDH is able to continue its programme of investing in the building of new homes.

Housing properties are valued independently on the basis of Existing Use Value for Social Housing (EUV-SH). Their value as at 31 March 2011 is £649m (2010: £508m), excluding properties under construction and associated social housing grant (SHG). However, the value of the charged housing stock for the purposes of security against the loan facility is £670m and the market value of WDH's housing stock, assuming vacant possession and excluding properties under shared ownership, is £2.25bn (2010: £2.25bn).

Financial performance has out-turned as forecast and is typical of large scale voluntary transfer organisations at this stage in their life cycle that have similar capitalisation policies. Income streams and expenditure are as planned and are within normal parameters and expectations for an organisation committed to significant expenditure on a major improvement programme. A 30 year Business Plan supports the strategic objectives of WDH and is reviewed and approved yearly by the Board and by funders.

During the year WDH incurred no tax liability (2010: £17k). However, a credit adjustment of £6k is reported reflecting the over provision recorded in the previous year in respect of a potential tax liability of £23k on the surplus on the disposal of properties built for outright sale. WDH is in receipt of a Gift Aid donation of £59k (2010: £54k) from WDH Solutions Limited.

Table 1 – Group highlights summary

For the period ended 31 March	2011	2010	2009	2008	2007
Group Income and Expenditure Account (£'000)					
Total turnover	109,527	106,203	98,400	92,407	86,016
Income from lettings	103,753	100,657	93,798	88,168	83,028
Operating (deficit) / surplus	(31,364)	(37,749)	(39,849)	(27,482)	25,285
(Deficit) / surplus for the period transferred to reserves	(25,531)	(48,373)	(49,062)	(32,936)	22,503
Group Balance Sheet (£'000)					
Housing properties	662,352	511,777	312,776	213,959	143,795
Other fixed assets	7,267	7,536	7,375	7,605	6,523
Fixed assets	669,619	519,313	320,151	221,564	150,318
Net current (liabilities) / assets	(14,002)	(3,341)	(4,682)	25	(28,426)
Total assets less current liabilities	655,617	515,972	315,469	221,589	121,892
Loans (due over one year)	(339,000)	(300,000)	(240,000)	(161,000)	(60,000)
Pensions liability	(15,012)	(49,538)	(8,861)	(15,852)	(16,833)
Other long term liabilities	-	-	-	-	-
Reserves : revaluation	421,184	286,856	100,994	36,435	2,546
: revenue	(119,579)	(120,422)	(34,386)	8,302	42,513
	301,605	166,433	66,608	44,737	121,892
Accommodation Figures					
Social housing stock owned at year end:					
General needs housing	28,945	28,765	28,686	28,685	28,910
Supported housing and housing for older people	2,108	2,233	2,242	2,251	2,251
Low cost home ownership	53	69	37	22	1
Total social housing stock owned at year end	31,106	31,067	30,965	30,958	31,162
Accommodation in development at the year end	173	247	146	80	58
Statistics					
Operating (Deficit) / surplus for the period as % of turnover	(23.30%)	(35.50%)	(40.50%)	(29.70%)	26.20%
Operating (Deficit) / surplus for the period as % income from lettings	(24.60%)	(37.50%)	(42.50%)	(31.20%)	27.10%
Rent losses (voids and bad debts since transfer	2.37%	2.17%	2.63%	1.85%	2.09%
Rent arrears (gross arrears as a % of income from lettings)	7.64%	7.65%	7.49%	6.99%	6.32%
Interest cover ((deficit) / surplus before interest)	(2.30)	(3.90)	(4.10)	(4.30)	8.40
Liquidity (current assets divided by current liabilities)	0.44	0.87	0.75	1.00	0.50
Gearing (total loans as % of capital grants plus reserves)	104.10%	164.80%	322.00%	329.00%	210.00%

Accounting policies

WDH's principal accounting policies are set out on pages 37 to 41 of the Financial Statements. The policies that are the most critical to the financial results are in respect of accounting for housing properties: including, the capitalisation of improvement works; the valuation of housing assets; the deduction of capital grant from the cost 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 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 LGPS that is administered by the 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 12.5%. The triennial valuation as at 31 March 2011 has set the employer's contribution rate at 12.6% for the three year period ending 31 March 2014.

Housing properties

At 31 March 2011, WDH owned 31,106 housing properties (2010: 31,067). External professionals are appointed to undertake the annual valuation of the company's housing properties as at 31 March 2011, and this valuation is reflected in the carrying value of properties in the Financial Statements. On valuation, the surplus of £141m (2010: £188m) has been taken to the property revaluation reserve. Only those elements of the works undertaken to existing properties that enhance the economic benefits to be derived from those properties are capitalised.

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 any properties built for outright sale or a significant number of shared ownership properties. The Business Plan cash flows of WDH are not reliant upon 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 £0.4m. 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.

Capital structure and Treasury Policy

The Board has appointed suitably qualified treasury professionals who advise on treasury strategy matters in order to facilitate the most efficient and effective use of financial resources in the delivery of value for money 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 £339m (2010: £300m) from an overall syndicate facility of £510m fronted by the Royal Bank of Scotland (RBS); this includes a £200m facility provided by the European Investment Bank and a £140m facility from Santander. Drawings are always in sterling and are at fixed and floating rates of interest; there is no exposure to currency risk.

WDH recognises the importance of good governance in treasury management. The application of robust treasury controls has ensured that the organisation did 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.

Under current accounting standards, any covenant breach of the loan agreement at the year end without prior agreement with the lender to waive the covenant, would mean the loan would immediately fall due and be disclosed in the Financial Statements as a current liability, and may result in significant increases in the cost of borrowing. WDH undertakes careful review of the covenants included within its funding arrangement. The principal covenant relates to the cumulative annual cash flow deficit until peak debt is reached in 2019 and then reverts to the more traditional interest cover ratio of Net Operating Cash Flow to Total Funding Costs. All applicable loan covenants are closely monitored and no breaches occurred during the year and none are forecast.

Cash flows

Cash outflows from operating activities and capital investments during the period are shown in the consolidated cash flow statement on page 36. The net cash outflow from operating activities for the accounting period is £16.4m (2010: £21.3m), in part, reflecting the rate at which expenditure on the Investment Programme is charged to operating costs. During the year, WDH benefited from the retention of £4.6m of funds generated from its VAT Shelter. These windfall funds are 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, long term Business Plan of the organisation, and the best practice in good governance deployed throughout WDH. Sufficient liquidity is provided through increased loan facilities that will meet all anticipated and forecast trading and development activities. WDH has strong, reliable and consistent cash inflows arising from trading activities and benefits from secured access to adequate funding from existing facilities with which to support its strategic objectives.

Future developments

It is clear that access to grant funding to support new affordable housing will only be available under the new Affordable Rents regime. WDH believe that they have a responsibility to local communities, and individuals in need, to provide additional affordable homes and, therefore, WDH has submitted a bid to the HCA under the Affordable Rent model to secure agreement for the development of 493 new homes over the next four years at a cost of some £55m.

The submission made to the HCA will not erode the financial viability of WDH. Affordable rent and flexible tenancy options will be utilised to increase the local housing supply and provide greater housing options for those on modest incomes currently excluded from the housing market. WDH intends to explore new methods of stair-casing these individuals towards home ownership.

Borrowings are aligned to the rate at which the housing stock is improved under the long-term programme and to accommodate new development activities and the purchase of properties under Section 106 agreements or stock transfers. The Board has approved plans to spend approximately £95m during the next year (2010: £95m) to deliver improved housing stock and the development or purchase of additional stock. This investment in properties and communities will be funded from further drawings of £65m during the next year from a total revised loan facility of £510m. Undrawn loan facilities of £171m are available under existing arrangements.

Reforms to homelessness, allocations and tenancies are at the heart of the Localism Bill and the Government suggest that the changes, set out in the recent policy paper, 'Local decisions: a fairer future for social housing', will change the face of social housing.

Key housing reforms include changes to homelessness duties, allocations and tenancies. The Bill suggests that these will give registered providers the flexibility to use their social housing stock to the maximum effect and reduce waiting lists.

The Bill includes plans to make it easier for tenants to move to other social housing providers under an internet-based 'national home swap scheme'. This will allow WDH tenants to access properties across England and exchange with those looking to move home. WDH is well placed to implement the changes resulting from the Bill due to the work already being undertaken with key stakeholders and partners. This includes building new homes, and improving existing ones, promoting safety in the community, tackling financial exclusion, and running leadership programmes for young people.

WDH recognises the need to build up detailed pictures of its tenants, many of whom may be under increased financial pressures facing concerns over employment or changes to their benefit entitlements. WDH will review allocation policies, identify under occupancy, consider the impact of fixed term tenancies, and raise awareness about impending welfare reforms. The organisation intends to develop its knowledge of its assets and their net worth to the business in order to leverage the maximum benefit to existing and prospective tenants.

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.

Ken Taylor
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 regulations.

Company Law and registered provider legislation in the UK require the Board to prepare Financial Statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable laws). Under Company Law the Board must not approve the Financial Statements unless it is satisfied that they 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 that period.

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; and
- follow applicable UK 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and enable it to make sure that the Financial Statements comply with the Companies Act 2006, the Housing Act 2008 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 Limited

We have audited the Financial Statements of Wakefield and District Housing Limited for the year ended 31 March 2011 which comprise the group and company income and expenditure account, the group statement of total recognised gains and losses, the group and company reconciliation of movement in funds, the group and company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of Board's Responsibilities Statement set out on page 30, the board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APBs) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2010 and of the group's and charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with Companies Act 2006; and
- are in compliance with the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds, England
21 July 2011

Consolidated Income and Expenditure Account

For the year ended 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Turnover: continuing activities	3	109,527	106,203
Operating costs	3	(140,891)	(143,952)
Operating deficit: continuing activities before past service gain	5	(31,364)	(37,749)
Pension past service gain	9	17,791	-
Operating deficit: continuing activities after past service gain	5	(13,573)	(37,749)
Surplus on sale of fixed assets	6	780	380
Interest receivable and other income	7	9	3
Interest payable and similar charges	8	(12,640)	(9,797)
Other finance costs	9	(113)	(1,187)
Deficit on ordinary activities before taxation		(25,537)	(48,350)
Tax on deficit on ordinary activities	11	6	(23)
Deficit for the financial year	25	(25,531)	(48,373)

The notes on pages 37 to 65 form part of these Financial Statements.

Ken Taylor
Chair

Denise Jeffery
Vice Chair

Colleen Adamson
Vice Chair

Lee Sugden
Company Secretary

WDH Income and Expenditure Account

For the year ended 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Turnover: continuing activities	3	109,521	106,192
Operating costs	3	(140,885)	(143,941)
Operating deficit: continuing activities before past service gain	5	(31,364)	(37,749)
Pension past service gain	9	17,791	-
Operating deficit: continuing activities after past service gain		(13,573)	(37,749)
Surplus on sale of fixed assets	6	780	380
Interest receivable and other income	7	9	3
Interest payable and similar charges	8	(12,640)	(9,797)
Other finance costs	9	(113)	(1,187)
Deficit on ordinary activities before taxation		(25,537)	(48,350)
Tax on deficit on ordinary activities	11	6	(23)
Deficit for the financial year	25	(25,531)	(48,373)

The notes on pages 37 to 65 form part of these Financial Statements.

Ken Taylor
Chair

Denise Jeffery
Vice Chair

Colleen Adamson
Vice Chair

Lee Sugden
Company Secretary

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2011

	Group		WDH	
	31 March 2011 £'000	31 March 2010 £'000	31 March 2011 £'000	31 March 2010 £'000
Deficit for the financial year	(25,531)	(48,373)	(25,531)	(48,373)
Unrealised movement between deficit and surplus on revaluation of housing properties	141,157	188,153	141,157	188,153
Actuarial (loss) / gain relating to pension scheme	19,545	(39,954)	19,545	(39,954)
Total recognised surpluses since last report	135,171	99,826	135,171	99,826

The notes on pages 37 to 65 form part of these Financial Statements.

Note of Historical Cost Surpluses and Deficits

For the year ended 31 March 2011

	Group		WDH	
	31 March 2011 £'000	31 March 2010 £'000	31 March 2011 £'000	31 March 2010 £'000
Reported deficit on ordinary activities before taxation	(25,531)	(48,350)	(25,531)	(48,350)
Excess of actual depreciation over historical cost depreciation charge	6,829	2,291	6,829	2,291
Excess of actual impairment over historical impairment charge	14	15	14	15
Excess of actual disposal over historical cost disposal charge	29	7	29	7
Historical cost deficit on ordinary activities before taxation	<u>(18,659)</u>	<u>(46,037)</u>	<u>(18,659)</u>	<u>(46,037)</u>
Historical cost retained deficit	<u>(18,659)</u>	<u>(46,037)</u>	<u>(18,659)</u>	<u>(46,037)</u>

The notes on pages 37 to 65 form part of these Financial Statements.

Reconciliation of Movement in Funds

Group and WDH

For the year ended 31 March 2011

	Group 31 March 2011 £'000	WDH 31 March 2011 £'000
Opening total funds as previously stated at 1 April 2009	166,434	166,434
Total recognised surpluses relating to the year	135,171	135,171
Closing total funds	<u>301,605</u>	<u>301,605</u>

The notes on pages 37 to 65 form part of these Financial Statements.

Consolidated Balance Sheet

At 31 March 2011

	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties	12	662,352	511,777
Other tangible fixed assets	13	7,267	7,536
		<u>669,619</u>	<u>519,313</u>
Current assets			
Land		-	553
Properties held for sale	14	441	2,428
HomeBuy loans	16	211	192
Debtors	17	4,221	4,208
Other debtors	18	3,668	2,587
Stock and work in progress	19	158	154
Cash at bank and in hand		2,439	12,748
		<u>11,138</u>	<u>22,870</u>
Creditors: Amounts falling due within one year	20	<u>(25,140)</u>	<u>(26,211)</u>
Net current liabilities		<u>(14,002)</u>	<u>(3,341)</u>
Total assets less current liabilities		<u>655,617</u>	<u>515,972</u>
Creditors: Amounts falling due after more than one year	21	339,000	300,000
Net pension liability	9	<u>15,012</u>	<u>49,538</u>
		<u>354,012</u>	<u>349,538</u>
Capital and reserves			
Housing property revaluation reserve	25	421,184	286,856
Revenue reserve	25	(119,579)	(120,422)
Consolidated funds	25	<u>301,605</u>	<u>166,434</u>
		<u>655,617</u>	<u>515,972</u>

The Financial Statements were approved by the Board on 21 July 2011 and signed on its behalf by:

Ken Taylor
Chair

Denise Jeffery
Vice Chair

Colleen Adamson
Vice Chair

Lee Sugden
Company Secretary

The notes on pages 37 to 65 form part of these Financial Statements
Company number 4948519

WDH Balance Sheet

At 31 March 2011

	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties	12	662,352	511,777
Other tangible fixed assets	13	7,267	7,536
		<u>669,619</u>	<u>519,313</u>
Current assets			
Land		-	553
Properties held for sale	14	441	2,428
HomeBuy loans	16	211	192
Debtors	17	4,146	4,121
Other debtors	18	3,888	2,715
Stock and work in progress	19	158	154
Cash at bank and in hand		2,281	12,676
		<u>11,125</u>	<u>22,839</u>
Creditors: Amounts falling due within one year	20	<u>(25,127)</u>	<u>(26,180)</u>
Net current liabilities		<u>(14,002)</u>	<u>(3,341)</u>
Total assets less current liabilities		<u>655,617</u>	<u>515,972</u>
Creditors: Amounts falling due after more than one year	21	339,000	300,000
Net pension liability	9	15,012	49,538
		<u>354,012</u>	<u>349,538</u>
Capital and reserves			
Housing property revaluation reserve	25	421,184	286,856
Revenue reserve	25	(119,579)	(120,422)
WDH's funds	25	<u>301,605</u>	<u>166,434</u>
		<u>655,617</u>	<u>515,972</u>

The Financial Statements were approved by the Board on 21 July 2011 and signed on its behalf by:

Ken Taylor
Chair

Denise Jeffery
Vice Chair

Colleen Adamson
Vice Chair

Lee Sugden
Company Secretary

The notes on pages 37 to 65 form part of these Financial Statements
Company number 4948519

Consolidated Cash Flow Statement

For the year ended 31 March 2011

	Note	31 March 2011 £'000	31 March 2010 £'000
Net cash outflow from operating activities	28	(16,412)	(21,313)
Returns on investments and servicing of finance			
Interest received		9	3
Interest paid		(12,640)	(9,797)
		(12,631)	(9,794)
Taxation			
Corporation Tax paid		(17)	-
Capital expenditure			
Purchase and refurbishment of housing properties		(3,931)	(14,605)
Construction of housing properties		(24,237)	(10,380)
SHG – received		8,649	7,720
Purchase of other fixed assets		(1,525)	(2,520)
Sales of fixed assets		795	406
		(20,249)	(19,379)
Financing			
Loans received		39,000	60,000
		39,000	60,000
(Decrease) / Increase in cash	29	(10,309)	9,514

The notes on pages 37 to 65 form part of these Financial Statements

1. Legal status

Wakefield and District Housing Limited (WDH) is a registered provider incorporated under the Companies Act 2006 as a Private Limited Company limited by guarantee. WDH is registered as a charity in accordance with the Charities Act 1993. WDH is registered with the TSA as a registered provider as defined by the Housing Act 1996.

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

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 UK Accounting and Financial Reporting Standards and the Statement of Recommended Practice: 'Accounting by Registered Social Landlords' 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.

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, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Revenue recognition

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

Stock and work in progress

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

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 is 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 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 HCA and is utilised to reduce the capital costs of housing properties. 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 would be normally available to be recycled and would be credited to a Recycled Capital Grant Fund and included in the Balance Sheet in creditors.

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 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.

Commuted sum properties

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

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 a 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.

Land

Where there is no specific scheme, or the scheme has not had approval of the Board to proceed before the Balance Sheet date, the land is treated as a current asset. Where land is to be used for a specific scheme and has been approved by the Board, this will then be treated as a fixed asset.

Impairment

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

Properties for sale

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

HomeBuy direct

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

Interest payable

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

Cyclical maintenance and internal decoration

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

Software development costs

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

Other tangible fixed assets

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.

Taxation

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

Any surplus on non-charitable activities are taxed.

Value Added Tax

The group is registered for VAT. In respect of major refurbishment works undertaken there is a VAT Shelter Agreement, approved by HM Revenue & Customs (HMRC), against which WDH is able to recover the VAT incurred on qualifying expenditure. VAT recoverable under the VAT Shelter and retainable is treated as a windfall receipt and credited against expenditure. HMRC have approved the implementation of a Special Method Partial Exemption Scheme from the date of Transfer. 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 current and past service costs, finance costs, and expected return on assets are recognised in the income and expenditure account with any actuarial gains and losses being recognised in the statement of total recognised surpluses and deficits.

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

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 adopted by other registered providers Act 2006 but in the opinion of the Board is a relevant accounting policy, comparable to that, which has been adopted in order to present a true and fair view.

3. Turnover, cost of sales, operating costs and operating deficit

Group – continuing activities

Year ended 31 March 2011

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings	103,753	-	(135,845)	(32,092)
Other social housing activities				
Supporting people	1,076	-	(1,076)	-
First tranche shared ownership sales	1,016	(1,034)	(38)	(56)
Development costs not capitalised	-	-	(27)	(27)
Management services	10	-	(10)	-
Other	352	-	(325)	27
	2,454	(1,034)	(1,476)	(56)
Non-social housing activities				
Lettings	1,241	-	(478)	763
Right to buy service charges	122	-	(130)	(8)
Development for sale	125	(149)	(5)	(29)
Other	1,832	-	(1,774)	58
	3,320	(149)	(2,387)	784
	109,527	(1,183)	(139,708)	(31,364)

Group – continuing activities

Year ended 31 March 2010

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings	100,657	-	(139,061)	(38,404)
Other social housing activities				
Supporting people	1,090	-	(1,090)	-
First tranche shared ownership sales	483	(535)	(50)	(102)
Development costs not capitalised	-	-	(12)	(12)
Management services	10	-	(10)	-
Other	194	-	(194)	-
	1,777	(535)	(1,356)	(114)
Non-social housing activities				
Lettings	1,239	-	(415)	824
Right to buy service charges	126	-	(184)	(58)
Development for sale	1,459	(1,485)	(42)	(68)
Other	945	-	(874)	71
	3,769	(1,485)	(1,515)	769
	106,203	(2,020)	(141,932)	(37,749)

WDH – continuing activities
Year ended 31 March 2011

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings	103,753	-	(135,845)	(32,092)
Other social housing activities				
Supporting people	1,076	-	(1,076)	-
First tranche shared ownership sales	1,016	(1,034)	(38)	(56)
Development costs not capitalised	-	-	(27)	(27)
Management services	10	-	(10)	-
Other	352	-	(326)	26
	2,454	(1,034)	(1,477)	(57)
Non-social housing activities				
Lettings	1,241	-	(478)	763
Right to buy service charges	122	-	(130)	(8)
Development for sale	125	(149)	(5)	(29)
Other	1,826	-	(1,767)	59
	3,314	(149)	(2,380)	785
	109,521	(1,183)	(139,702)	(31,364)

WDH – continuing activities
Year ended 31 March 2010

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings	100,657	-	(139,061)	(38,404)
Other social housing activities				
Supporting people	1,090	-	(1,090)	-
First tranche shared ownership sales	483	(535)	(50)	(102)
Development costs not capitalised	-	-	(12)	(12)
Management services	10	-	(10)	-
Other	194	-	(194)	-
	1,777	(535)	(1,356)	(114)
Non-social housing activities				
Lettings	1,239	-	(415)	824
Right to buy service charges	126	-	(184)	(58)
Development for sale	1,459	(1,485)	(42)	(68)
Other	934	-	(863)	71
	3,758	(1,485)	(1,504)	769
	106,192	(2,020)	(141,921)	(37,749)

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	2011 £'000	2010 £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges	95,370	5,489	155	101,014	97,993
Service income	1,065	1,638	7	2,710	2,315
Net rental income	96,435	7,127	162	103,724	100,308
Other revenue grants	28	1	-	29	349
Turnover from social housing lettings	96,463	7,128	162	103,753	100,657
Expenditure on social housing lettings					
Management	(25,971)	(1,912)	(21)	(27,904)	(25,761)
Services	(1,538)	(3,154)	(1)	(4,693)	(5,206)
Routine maintenance	(15,885)	(819)	(5)	(16,709)	(17,057)
Planned maintenance	(5,171)	(138)	-	(5,309)	(6,187)
Major repairs expenditure	(67,089)	(1,368)	-	(68,457)	(76,604)
Bad debts	(394)	(10)	-	(404)	(221)
Depreciation of housing properties	(10,233)	(636)	(20)	(10,889)	(6,427)
Depreciation of other fixed assets	(1,414)	(66)	-	(1,480)	(1,598)
Operating costs on social housing lettings	(127,695)	(8,103)	(47)	(135,845)	(139,061)
Operating (deficit) / surplus on social housing lettings	(31,232)	(975)	115	(32,092)	(38,404)
Void losses	1,159	888	10	2,057	1,964

Particulars of turnover from non-social housing lettings

Group and WDH	2011 £'000	2010 £'000
Commercial Rents	332	321
Allotments and Garages	635	647
Other	274	271
Turnover from social housing lettings	1,241	1,239

4. Accommodation in management and development

Group and WDH

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

	2011 Number	2010 Number
Social housing		
General needs housing	28,945	28,765
Supported housing and housing for older people	2,108	2,233
Low cost home ownership	53	69
Total owned	31,106	31,067
Accommodation managed for others	84	84
Total managed	31,190	31,151
Accommodation in development at the year end	173	247

WDH manages 32 units of accommodation for Wakefield Council, 45 units to alleviate homelessness, four Alms Houses for Wrays Homes, a registered charity, and three houses for Megson Trust.

5. Operating deficit

This is arrived at after charging:

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Depreciation of housing properties	10,864	6,379	10,864	6,379
Depreciation of other tangible fixed assets	1,505	1,766	1,505	1,766
Impairment of fixed assets	25	49	25	33
Operating lease rentals:				
• Land and buildings	1,084	1,029	1,084	1,029
• Office equipment and computers	95	95	95	95
• Motor vehicles	1,874	1,492	1,874	1,492
Auditor's remuneration (including VAT)				
For audit services	33	34	33	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

6. Surplus on sale of fixed assets

Group and WDH	2011 £'000	2010 £'000
Disposal proceeds – housing properties	663	316
Carrying value of fixed assets	(14)	(24)
	649	292
Surplus on sale of other assets	131	88
	780	380

7. Interest receivable and other income

Group and WDH	2011 £'000	2010 £'000
Interest receivable and similar income	9	3
	9	3

8. Interest payable and similar charges

Group and WDH	2011	2010
	£'000	£'000
Loans	12,640	9,797
	<u>12,640</u>	<u>9,797</u>

9. Employees

Average monthly number of employees expressed in full time equivalents:

Group and WDH	2011	2010
	Number	Number
Administration	357	354
Technical Services	657	675
Housing, support and care	299	302
	<u>1,313</u>	<u>1,331</u>

Employee costs:

Group and WDH	2011	2010
	£'000	£'000
Wages and salaries	34,195	34,428
Social security costs	2,465	2,434
Other pension costs	4,215	4,198
	<u>40,875</u>	<u>41,060</u>

WDH's employees are entitled to be members of the LGPS. Further information on the scheme is given below.

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. It is a defined benefit scheme. Triennial and FRS17 actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent triennial actuarial valuation was completed as at 31 March 2010 and the most recent FRS17 valuation was at 31 March 2011.

The market value of the scheme's assets at the Balance Sheet date was £141.799m against scheme liabilities of £156.811m, a deficit of £15.012m.

Member contributions vary between 5.5% and 7.5%. The cost to the company during the year was £7.1m, and employer's contributions to the LGPS by WDH for the year ended 31 March 2011 were £4.45m (2010: £4.19m). The employer's contribution rate was set at 12.5% of pensionable salaries as from 1 April 2010. Employer contributions rate for the next three years has been set at 12.6%.

Financial assumptions

	31 March 2011 % per annum	31 March 2010 % per annum
Discount rate	5.40	5.50
Future salary increases	5.20	5.65
Future pension increases	2.80	3.90
Inflation assumptions	3.70	3.90

Mortality assumptions

The post-retirement mortality assumptions used to value the benefit obligation at March 2011 and March 2010 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.

Assumed life expectations on retirement at age 65 are:

	2011 Number of years	2010 Number of years
Retiring today:		
Males	21.9	21.8
Females	24.0	25.4
Retiring in 20 years:		
Males	23.7	24.1
Females	26.0	27.9

Expected return on assets:

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

	31 March 2011 % per annum	31 March 2010 % per annum	31 March 2009 % per annum
Equities	8.40	8.00	7.50
Property	7.90	8.50	6.50
Government Bonds	4.40	4.50	4.00
Corporate Bonds	5.10	5.50	6.00
Cash	1.50	0.70	0.50
Other*	8.40	8.00	7.50

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

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

	2011 £'000	2010 £'000
Current service cost	7,153	3,735
Expected return on pension scheme assets	(8,536)	(5,572)
Interest on pension scheme liabilities	8,649	6,759
Curtailments	-	-
Past service cost	(17,791)	-
	<hr/>	<hr/>
Total operating (credit) / charge	(10,525)	4,922
	<hr/>	<hr/>

Included within the income and expenditure is a credit of £17,791k relating to the impact of the Government's announcement on 22 June 2010 that future pension increases are to be linked to CPI (Consumer Price Index) as opposed to RPI (Retail Price Index). The group and company have recognised this reduction in past service costs on the fact of the Income and Expenditure Account.

In 2011 the current service cost of providing future pension benefits for existing personnel of £7,153k was charged to the operating surplus (2010: £3,735k) and £113k was charged to interest payable (2011: £1,187k)..

Actual return on plan assets

	2011 £'000	2010 £'000
Actual return on plan assets	19,894	29,365
	<hr/>	<hr/>

Statement of total recognised surpluses and deficits

Year ended 31 March

	2011 £'000	2010 £'000
Actuarial gain / (loss) in pension scheme recognised in STRSD	19,545	(39,954)
Cumulative actuarial gain / (loss) recognised in STRSD	19,545	(44,296)
	<hr/>	<hr/>

Amounts recognised in the Balance Sheet

	2011 £'000	2010 £'000
Present value of funded obligations	156,811	168,058
Fair value of plan assets	(141,799)	(118,520)
	<hr/>	<hr/>
	15,012	49,538
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
	<hr/>	<hr/>
Deficit	15,012	49,538
Related deferred tax asset	-	-
	<hr/>	<hr/>
Net liability	15,012	49,538
	<hr/>	<hr/>
Amounts in balance sheet		
Liabilities	15,012	49,538
Assets	-	-
	<hr/>	<hr/>
Net liability recognised in balance sheet	15,012	49,538
	<hr/>	<hr/>

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

	2011 £'000	2010 £'000
Opening defined benefit obligation	168,058	92,913
Current service cost	7,153	3,735
Interest cost	8,649	6,759
Actuarial (gains) / loss	(8,187)	63,747
Past service gain	(17,791)	-
Contributions by scheme participants	2,048	2,042
Benefits paid	(3,119)	(1,138)
	<hr/>	<hr/>
Closing defined benefit obligations	156,811	168,058
	<hr/>	<hr/>

Reconciliation of opening and closing balances of the fair value scheme assets

	2011 £'000	2010 £'000
Opening fair value of assets	118,520	84,052
Expected return on scheme assets	8,536	5,572
Actuarial gains / (losses)	11,358	23,793
Contribution by employer	4,456	4,199
Contribution by scheme participants	2,048	2,042
Benefits paid	(3,119)	(1,138)
	<hr/>	<hr/>
Closing fair value of scheme assets	141,799	118,520
	<hr/>	<hr/>

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

	2011	2010
Equities	73.4%	70.6%
Bonds	15.5%	16.0%
Property	3.5%	3.3%

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

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of defined benefit obligation	156,811	168,058	92,913	111,373	95,096
Fair value of scheme assets	(141,999)	(118,520)	(84,052)	(95,521)	(78,263)
Deficit on scheme	15,012	49,538	8,861	15,852	16,833

10. Board Members and Executive Directors

	2011 £'000	2010 £'000
Emoluments of the Executive Directors (including pension contributions and benefits in kind)	665	633
Emoluments (excluding pension contributions) paid to the Chief Executive, being the highest paid Director	157	157

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

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.

11. Tax on deficit on ordinary activities

(a) Analysis of charge in year

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current Tax				
UK Corporation Tax on result for the period	-	23	-	23
Adjustments in respect of prior periods	(6)	-	(6)	-
Total Current Tax (note 11b)	(6)	23	(6)	23
Deferred Tax				
Origination and reversal of timing differences	-	-	-	-
Total Deferred Tax	-	-	-	-
Tax on surplus from outright sales	(6)	23	(6)	23

(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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Deficit on ordinary activities before tax	(25,537)	(48,350)	(25,537)	(48,350)
Adjustment in respect of charitable activities	(25,537)	48,433	(25,537)	48,433
Surplus on ordinary activities subject to tax	-	83	-	83
Surplus on ordinary activities subject to tax multiplied by the standard rate of Corporation Tax in the UK of 28%	-	23	-	23
Effects of:				
Adjustments to tax in respect of prior periods	(6)	-	(6)	-
Current tax charge for period (note 11a)	(6)	23	(6)	23

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 2010	481,646	25,427	5,144	1,043	439	4,515	24	518,238
Additions	1,359	2,956	24,016	-	202	168	19	28,720
Transfer from other fixed assets	287	-	-	-	-	-	-	287
Transfer from shared to rented	1,200	-	-	(1,200)	-	-	-	-
Schemes completed	12,980	(2,610)	(10,370)	641	(641)	41	(41)	-
Disposals	(56)	-	-	-	-	-	-	(56)
Valuation adjustment	124,068	-	-	1,176	-	-	-	125,244
At 31 March 2011	621,484	25,773	18,790	1,660	-	4,724	2	672,433
Depreciation and impairment								
At 1 April 2010	-	-	-	-	-	146	-	146
Depreciation charged in year	10,764	-	-	8	-	92	-	10,864
Released on disposal	(5)	-	-	-	-	-	-	(5)
Impairment	25	-	-	-	-	-	-	25
Valuation adjustment	(10,784)	-	-	(8)	-	-	-	(10,792)
At 31 March 2011	-	-	-	-	-	238	-	238
Depreciated cost								
At 31 March 2011	621,484	25,773	18,790	1,660	-	4,486	2	672,195
At 31 March 2010	481,646	25,427	5,144	1,043	439	4,369	24	518,092

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
Social Housing and other Grant								
At 1 April 2010	-	-	5,144	-	161	1,010	-	6,315
Additions		-	8,368		189	93	-	8,650
Transfer of grant	5,083	-	(4,772)	39	(350)	-	-	-
Valuation adjustment	(5,083)	-	-	(39)	-	-	-	(5,122)
At 31 March 2011	-	-	8,740	-	-	1,103	-	9,843
Net book value								
At 31 March 2011	621,484	25,773	10,050	1,660	-	3,383	2	662,352
At 31 March 2010	481,646	25,427	-	1,043	278	3,359	24	511,777

During the year 20 properties (2010: 5) were transferred from shared ownership to intermediate rent. The amount transferred from shared ownership to intermediate was £2,400k (2010: £510k). The fixed asset element of this transfer was £1,200k. The remaining £1,200k was transferred from current assets and is included in additions to housing properties held for letting. The grant associated with these twenty properties at £311k (2010: £203k) has been transferred from shared ownership to housing properties held for letting.

Valuation

Completed housing properties with the exception of Homespace properties are stated at EUV-SH with special assumptions, including notional directly attributable material acquisition costs. WDH's housing properties have been valued by professional external valuers, Savills (L and P) Limited, a general practice firm providing surveying and valuation services. The latest valuation was performed on 31 March 2011. 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 £648.9m (2010: £508m). In valuing the housing properties, discounted cash flow methodology was adopted with a real discount rate of 6% (2010: 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 4.6% for year one, 4% for year two, 2.5% for year three onwards. Prior year inflation adopted was year one -1.4%, year two 3%, and year three onwards 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	2011 £'000	2010 £'000
Historical cost	282,698	253,714
Social housing and other grants	(24,252)	(15,603)
Depreciation and impairment	(15,524)	(11,480)
	<hr/>	<hr/>
	242,921	226,631

Social housing and other grants

Group and WDH	2011 £'000	2010 £'000
Total accumulated social housing and other grants receivable at 31 March:		
Capital grant	24,252	15,603
Revenue grant	-	-
	<hr/>	<hr/>
	24,252	15,603

Housing properties book value, net of depreciation grants comprises:

Group and WDH	2011 £'000	2010 £'000
Freehold land and buildings	662,479	511,986
Long leasehold land and buildings	105	91
Short leasehold land and buildings	-	-
	<u>662,584</u>	<u>511,777</u>

At the Balance Sheet date the group and WDH have five (2010: five) social housing properties held for letting and two (2010: two) low cost shared ownership properties on long leaseholds.

Expenditure on works to existing properties

	2011 £'000	2010 £'000
Amounts capitalised	2,956	13,690
Amounts charged to income and expenditure account	69,312	78,516
	<u>72,268</u>	<u>92,206</u>

Impairment

There was an impairment charge during the year ended 31 March 2011 of £25k in relation to properties that are long term void and awaiting demolition (2010: £49k).

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 2010	1,399	251	3,058	7,340	751	12,799
Additions	59	-	984	482	-	1,525
Transfer to housing properties	(287)	-	-	-	-	(287)
Disposals	-	-	-	-	(617)	(617)
At 31 March 2011	1,171	251	4,042	7,822	134	13,420
Depreciation						
At 1 April 2010	99	112	713	3,643	696	5,263
Depreciation charged in year	20	50	248	1,157	30	1,505
Released on disposal	-	-	-	-	(615)	(615)
At 31 March 2011	119	162	961	4,800	111	6,153
Net book value						
At 31 March 2011	1,052	89	3,081	3,022	23	7,267
At 31 March 2010	1,300	139	2,345	3,697	55	7,536

During the financial year five day centres were converted to five houses, the costs transferred from freehold offices to housing properties amounted to £287k (2010: £32k).

There are no tangible fixed assets purchased under finance leases.

14. Properties for sale

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Properties held for sale	441	1,989	441	1,989
Shared ownership properties under construction	-	439	-	439
	<u>441</u>	<u>2,428</u>	<u>441</u>	<u>2,428</u>

15. Investment in subsidiaries

As required by statute, the Financial Statements consolidate the result of WDHS. This company is a subsidiary of WDH. 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 (2010: £10k).

16. HomeBuy loans

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
HomeBuy loans: Falling due after more than one year	211	192	211	192
	<u>211</u>	<u>192</u>	<u>211</u>	<u>192</u>

During the financial year one (2010: thirteen) outright sale was completed under the HomeBuy Scheme. Under the scheme individuals are provided with a loan of up to 15% of the purchase price of the property.

17. Debtors

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Due within one year				
Rent and service charges receivable	7,923	7,702	7,923	7,702
Less: Provision for bad and doubtful debts	(4,435)	(4,408)	(4,435)	(4,408)
	<u>3,488</u>	<u>3,294</u>	<u>3,488</u>	<u>3,294</u>
Sundry Debtors	1,741	1,786	1,665	1,699
Less: Provision for bad and doubtful debts	(1,008)	(872)	(1,007)	(872)
	<u>733</u>	<u>914</u>	<u>658</u>	<u>827</u>
	<u>4,221</u>	<u>4,208</u>	<u>4,146</u>	<u>4,121</u>

In addition to the rent and service charges receivable stated above there is £774k (2010: £1.07m) in relation to former tenant arrears transferred from Wakefield Council at 21 March 2005. These amounts have not been recognised in debtors because they have been previously provided for.

18. Other debtors

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Due within one year				
Other debtors	2,868	1,773	2,868	1,650
Prepayments and accrued income	800	814	794	814
Amount due for WDH Solutions	-	-	226	251
	<u>3,686</u>	<u>2,587</u>	<u>3,888</u>	<u>2,715</u>

19. Stock and work in progress

Group and WDH

	2011 £'000	2010 £'000
Stock – building materials	158	154
	<u>158</u>	<u>154</u>

20. Creditors: Amounts falling due within one year

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade creditors	4,762	4,149	4,762	4,149
Rent and service charges received in advance	1,051	1,216	1,051	1,216
Other creditors	5,004	5,654	5,004	5,654
Accruals and deferred income	13,515	10,229	13,502	10,198
SHG in advance	-	4,125	-	4,125
Corporation Tax	-	23	-	23
Other tax and social security	808	815	808	815
	<u>25,410</u>	<u>26,211</u>	<u>25,127</u>	<u>26,180</u>

21. Creditors: Amounts fall due after more than one year

	Group		WDH	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Debt (note 23)	339,000	300,000	339,000	300,000
	<u>339,000</u>	<u>300,000</u>	<u>339,000</u>	<u>300,000</u>

22. Advance receipts and payments

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

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

The impact of these two transactions is that whilst Wakefield Council has a legal obligation to WDH to complete the improvement works; this work has been contracted back to WDH who are also legally obligated. The underlying substance of the transaction is therefore that WDH has acquired the housing properties in their existing condition at their agreed value, and will complete certain repairs and improvements in line with guarantees to tenants of not less than £672m. In the opinion of the Directors, the commercial effect of these transactions when viewed as a whole does not, in practice, create separate assets and liabilities for reporting purposes. Therefore, in accordance with FRS5 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 2011 £501m (2010: £426m) of the improvement works had been undertaken including adaptation works.

23. Debt analysis

Group and WDH	2010 £'000	2009 £'000
Due within one year		
Bank loans	-	-
	-	-
Group and WDH	2011 £'000	2010 £'000
Due after more than one year		
Bank loans	339,000	300,000
	339,000	300,000
Group and WDH	2011 £'000	2010 £'000
Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
After five years	339,000	300,000
	339,000	300,000

The bank loans are secured by a floating charge over the assets of WDH and by fixed charges on individual properties. The bank loans are repaid in variable instalments at fixed and floating rates of interest ranging from 0.84% to 6.48%. The final instalments of current loans fall to be repaid by 15 March 2035. At 31 March 2011, WDH had un-drawn loan facilities of £171m (2010: £120m).

24. Non equity share capital

There are no issued shares.

25. Reserves

Group	Revaluation Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2010 as previously stated	286,856	(120,422)	166,434
Deficit for the year	-	(25,531)	(25,531)
Unrealised surplus on revaluation of properties	141,157	-	141,157
Actuarial loss relating to pension scheme	-	19,545	19,545
Transfer in respect of depreciation on re-valued properties	(6,829)	6,829	-
At 31 March 2011	421,184	(119,579)	301,605

At 31 March 2011 the revenue reserve included £15,012k defined benefit pensions liability (2010: £49,538k).

WDH	Revaluation Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2010 as previously stated	286,856	(120,422)	166,434
Deficit for the year	-	(25,531)	(25,531)
Unrealised surplus on revaluation of properties	141,157	-	141,157
Actuarial loss relating to pension scheme	-	19,545	19,545
Transfer in respect of depreciation on re-valued properties	(6,829)	6,829	-
At 31 March 2011	421,184	(119,579)	301,605

At 31 March 2011 the revenue reserve included £15,012k defined benefit pensions liability (2010: £49,538k).

26. Financial commitments

Capital expenditure commitments were as follows:

Group and WDH	2011 £'000	2010 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	101,162	79,177
Expenditure authorised by the Board but not contracted	122,753	155,149
	223,915	234,326

The above commitments will be financed primarily through borrowings of £171m which are available for draw down under existing loan arrangements, with the balance of £53m 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:

	2011 £'000	2010 £'000
(i) Land and buildings, leases expiring		
Within one year	55	55
One to five years	264	14
Beyond five years	744	960
	<hr/>	<hr/>
	1,063	1,029
	<hr/>	<hr/>
(ii) Office equipment and computers expiring		
Within one year	-	-
One to five years	95	89
Beyond five years	-	-
	<hr/>	<hr/>
	95	89
	<hr/>	<hr/>
(iii) Motor vehicles expiring		
Within one year	104	472
One to five years	1,515	981
Beyond five years	-	-
	<hr/>	<hr/>
	1,619	1,453
	<hr/>	<hr/>

27. Contingent liabilities

The group and company had no contingent liabilities at 31 March 2011 (2010: nil).

28. Reconciliation of operating deficit to net cash outflow from operating activities

	2011 £'000	2010 £'000
Operating deficit	(31,364)	(37,749)
Depreciation	12,378	8,144
Impairment	25	49
Valuation disposal	29	7
Pensions operating charge	7,153	3,735
Pension contributions paid	(4,456)	(4,199)
	<hr/>	<hr/>
	(16,235)	(30,013)
Working capital movements		
Stock	(4)	(10)
Debtors	(1,113)	911
Properties held for sale	1,988	274
Creditors	(1,048)	7,525
	<hr/>	<hr/>
Net cash outflow from operating activities	(16,412)	(21,313)
	<hr/>	<hr/>

29. Reconciliation of net cash flow to movement in net debt

	2011 £'000	2010 £'000
(Decrease) / Increase in cash	(10,309)	9,514
Cash inflow from increase in debt and lease finance	(39,000)	(60,000)
Increase in net debt from cash flows	(49,309)	(50,486)
Net debt a 1 April	(287,252)	(236,766)
Net debt at 31 March	(336,561)	(287,252)

30. Analysis of net debt

Group and WDH	1 April 2010 £'000	Cash Flow £'000	31 March 2011 £'000
Cash at bank and in hand	12,748	(10,309)	2,439
Changes in cash	12,748	(10,329)	2,439
Current asset investment			
Loans	(300,000)	(39,000)	(339,000)
Changes in debt	(300,000)	(39,000)	(339,000)
Net debt	(287,252)	(49,039)	(336,561)

31. Financial assets and liabilities

Financial assets

Other than debtors, financial assets held are overnight cash deposits of £930k (2010: £8.4m) at 31 March 2011 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:

	2011 £'000	2010 £'000
Floating rate	119,000	150,000
Fixed rate	220,000	150,000
Total (note 23)	<u>339,000</u>	<u>300,000</u>

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

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:

	2011 £'000	2010 £'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	510,000	420,000
	<u>512,500</u>	<u>422,500</u>

32. Related parties

At the year end there were three Tenant Members of the Board:

Colleen Adamson, Vice Chair; Derek Cooper; and David Spedding. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

At the year end there were three Council Members who are elected members of Wakefield Council: Denise Jeffery, Vice Chair; Mike Walker and Kay Binnarsley. 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, Chair, is Executive Director of Groundwork Wakefield. WDH undertakes transactions with this organisation at arms length in the normal course of business.



Vision

to create confident communities

Mission

to inspire, transform and promote excellence

Values

to be creative, inclusive and work with integrity

Wakefield and District Housing
Merefield House, Whistler Drive, Castleford WF10 5HX

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delivering promises, improving lives