

**ARAWAK WALTON
HOUSING ASSOCIATION LIMITED
(A Charitable Industrial and Provident Society)**

FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

(A copy of the signed accounts is available on application to the office. These accounts have been reformatted and the page numbers changed to make them more accessible).

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS For the Year Ended 31 March 2014

Contents	Page
Association details	1 - 2
Report of the Board of Management	3 - 16
Independent Auditors' Report	17 - 18
Income and Expenditure Account	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Financial Statements	22 - 40

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

ASSOCIATION DETAILS

Board Management of Ms Evelyn Asante-Mensah (Appointed Chair 1st October 2013)

Mr Mike Cartwright
Ms. Gill Darling, ACA, AMCT
Mr. Sylvester During, BSc., MSc., DMS, MCMI. (Deputy Chair)
Mr Tony Gordon (Resigned 24th December 2013)
Mrs Jayne Gouldthorpe, BSc (Hons), MSc, DMS, MCMI.
Ms Lorri Holding
Mr Yasar Kaushal (Resigned 5th December 2013)
Ms Shirley Lawrence (Resigned 25th September 2013)
Ms Mandy Powell (Resigned 23rd December 2013)
Mr Andrei Szatkowski
Ms Susan Taylor (Appointed 26th March 2014)
Mr Charles Jarvis (Appointed 26th March 2014)
Ms Anita Patel (Appointed 26th March 2014)

Secretary Ms. C. D'Souza, A.C.A.

Executive Officers Ms. C. D'Souza, A.C.A. (Chief Executive)
Mr. C Page, BA (Hons, MSc), MCIH, DipHSM (Operations Director)
Mr D Watmough, BA (Hons), MA, MPhil, ACMA (Finance Director)

Bankers Royal Bank of Scotland Plc.
934 Stockport Road
Levenshulme
Manchester
M19 3AA

Solicitors	Croftons	Whiteheads Solicitors
	The Lexicon	PO Box 125
	Mount Street	Chorley
	Manchester	Lancashire
	M2 5FA	PR7 2GD

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

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

Registered office Margaret House
 23 Manor Street
 Ardwick
 Manchester
 M12 6HE

Registration L3713 - Homes and Communities Agency
Number

25160R - Industrial & Provident Societies Act 1965

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT For the Year Ended 31 March 2014

The Board presents its report and audited financial statements for the year ended 31 March 2014.

Principal activities

The Association's principal activities are the acquisition and management of social housing primarily for the Black and Minority Ethnic communities in the North West.

Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is a Registered Provider with charitable status.

Review of the year

The financial year 2013/14 saw our stock of homes increasing by an additional 51 units, representing growth of 5.4%. Turnover increased to £4.8 million compared to £4.26 million in 2013. The annual surplus of £1,051,825 (before transfer to designated reserves) has taken total reserves to £6,623,944. These reserves have been re invested and helped to fund the acquisitions of new properties costing £587,511, replacing components such as bathrooms and boilers in our existing stock costing £371,825 and in acquiring a new sheltered scheme at Sycamore Court and refurbishing Daisy Bank Court, at a cost of £667,829.

The Association now has approximately £15.7 million of loan facilities in place at 31st March 2014, of which £13.6 million has been utilised. There were 1004 units in management by the end of March 2014, of which 944 were owned by the Association at 31st March 2014.

The Association was again successful in achieving the Customer Service Excellence Standard in 2014. This award replaces the Charter Mark award which has been held since 2000. It is a mark of excellent customer service and continuous improvement in service provision. It also denotes that services that are provided are effective and represent value for money.

The Association has dedicated extra staff resources to help deal with the challenges of Welfare Reform.

Designated reserves

Our total designated reserves are £168,415. These are reserves that have been set aside to replace scheme equipment.

Future developments

The Association intends to continue with its programme of modest growth. Growth will be through partnerships with other Housing Associations, local authorities and from acquisitions from the open market.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

Changes in fixed assets

Details of the movements in fixed assets are set out in note 8 to the accounts.

Board of Management and Executive Officers

The Board of Management and Executive Officers of the Association are listed on page 1.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers of the Association hold no interest in the Association's share capital and, although not having legal status of Directors, they act as Executives within the Authority delegated to them by the Board of Management.

Financial risk management objectives and policies

The Association uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The Board receives regular reports on these figures in order to manage the Association's requirements.

Employees

The strength of the Association lies in the quality and commitment of its employees. The Association operates an appraisal system and provides training programmes focused on quality and customer service and seeks employees' views on how to improve systems and on matters of concern.

Details of employees are set out in note 4 of the accounts.

Auditors

A resolution to reappoint Beever and Struthers as auditors will be proposed at the Annual General Meeting.

Statement of the Board's responsibilities in respect of the accounts

The Industrial and Provident Societies Acts require the Board to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus of the Association for that period. In preparing these accounts the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and to enable it

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT For the Year Ended 31 March 2014

to ensure that the accounts comply with the Industrial and Provident Societies Acts and the Housing Acts. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

In so far as the Board of Management is aware:-

- there is no relevant audit information of which the Association's auditor is unaware, and;
- the Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

REPORT OF THE BOARD OF MANAGEMENT For the Year Ended 31 March 2014

Statement of the Board of Management on internal controls

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement of loss.

Following the principles of the good practice contained within Circular 07/07, the Board confirms there is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Association, that has been in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the Board and in accordance with the principles of the Circular.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The executive officers are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

A control self-assessment and hierarchical reporting has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all operations and provide for successive assurances to be given at increasingly higher levels of management and finally to the Board. This process is facilitated by internal audit that also provide a degree of assurance as to the operation and validity of the system of internal control. Planned corrective actions are independently monitored for timely completion.

The executive officers report regularly on their review of risk and how they are managed to the Finance and Risk Committee whose main role is to review on behalf of the Board the key risks inherent in the business and the system of control necessary to manage such risks and to present their finding to the Board. Internal audit independently review the risk identification procedures and control process implemented by the executive officers and report to the Finance and Risk Committee on a quarterly basis. The Finance and Risk Committee reviews the assurance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Finance and Risk Committee presents its findings to the Board on a regular basis.

The Chief Executive also reports to the Board on behalf of the Executive officers on significant changes in the business and the external environment, which affect significant risks. The Finance Director provides the Board with regular financial information, which includes key performance and risk indicators. Where areas for improvement in the system are identified, the Board considered the recommendations made by the Finance and Risk Committee.

REPORT OF THE BOARD OF MANAGEMENT For the Year Ended 31 March 2014

Value for Money Self Assessment

Arawak Walton was born out of the black and minority ethnic community needing to have access to good quality homes which were not being provided by mainstream organisations. Our mission has not changed. The Association has spent 25 years working in inner city, multicultural areas where good quality homes were and continue to be scarce and where the communities face high levels of deprivation. We work in entry areas where inward migration is on the increase. Over 68% of our 2013/14 lettings were to BME tenants and we tailor our services to meet the needs of diverse BME communities. As well as providing access to housing we also provide employment and training opportunities. Our strategy is to procure from the local community where possible and help alleviate levels of deprivation in areas where we work through reinvesting in the local economy.

Working in areas with high levels of deprivation is often expensive, but our management costs demonstrate our ability to do this at a lower cost than many Associations providing generic services. Our repairs costs include the provision of alarms, security lighting and other features in our properties to maximise the security of our tenants, who suffer from discrimination and racist behaviour.

Our success relies on providing a personal and holistic service that is valued by our customers and stakeholders at a cost-effective offer.

The Arawak Walton Delivery Model

Key to the generation of value by the Association is our focus on our two core products: general needs and sheltered housing. This allows us to operate within streamlined processes and procedures whilst providing a responsive service to our diverse tenants.

The delivery of services is achieved by having a well trained and qualified core staff team, supported by external advisors most of whom have had a long relationship with the Association and understand both our mission and vision and our aspirations. This enables us to access skills and expertise in a flexible manner without the need to retain an expensive staff infrastructure.

As a smaller housing Association, we work in partnership with others when this is to our mutual benefit. Procurement good practice is shared amongst the members of Community Housing Associations North West Group. Much of our growth has been achieved by working closely with other housing Associations.

The relative simplicity of our delivery model enables us to minimise staffing and other overheads borne by the Association, which is reflected in our comparative costs.

Our Strategy for Achieving VFM

The Board has overall responsibility for the Association's value for money strategy. The Board places operational responsibility for ensuring value for money on individual managers. The Finance Director has reporting responsibility for value for money issues in the Association.

REPORT OF THE BOARD OF MANAGEMENT For the Year Ended 31 March 2014

Specific elements of our approach to value for money are:

- a thorough budgeting and business planning process
- an annually updated Asset Management Strategy which sets out our plans for sustaining and enhancing the value of our asset base
- a feasibility model that incorporates not only funding but also housing management and long term maintenance issues to ensure the financial soundness of potential new development acquisitions
- a Treasury Strategy and Annual Treasury Plan which maps out treasury activities for the coming year balancing value for money and mitigating risks to the Association.
- consideration of the value for money implications of new initiatives at Senior Management Team (SMT) and Board level
- the requirement to tender certain procurements and obtain quotes for others to ensure market prices are paid.
- attendance at a range of procurement, value for money and function specific best practice events, sharing good practice and contributing to some of our procurement efficiencies
- participation in formal and informal benchmarking activities to identify areas where our performance does not meet that of our peers
- our business plan recognises that following the introduction of the proposed new rent regime from the 2015/16 financial year it will become imperative to manage our routine activities within the Consumer Price Index measure of inflation which will require a sustained focus on efficiency to achieve value for money.

Key elements of our process for monitoring Value for Money are:

- annual scrutiny by the Board and Finance and Risk Committee of the Business Plan and Budget
- a quarterly review by both the Board and the Finance and Risk Committee of the Association's financial performance through the management accounts
- a quarterly review by Board of key operational and other performance through the balanced scorecard
- a monthly review of key areas of financial performance against budget by the Senior management team
- a monthly review of key operational performance indicators by Senior management team
- reporting on potential acquisitions at each meeting of Board
- annual strategic review sessions for SMT, Board and staff to ensure the Association's mission and vision remain relevant and that both are delivered in the most appropriate way

REPORT OF THE BOARD OF MANAGEMENT

For the Year Ended 31 March 2014

Assets and the Provision of Homes

The table below shows the increase in the number of homes managed by the Association over the course of the last five years.

	2010	2011	2012	2013	2014
Properties in Management	857	927	947	953	1004

Over the course of the last five years, the Association has grown by 147 homes, representing 17% growth. The Association owns 944 of these homes. The remainder are managed for others.

The table below shows that the growth has resulted in a slight increase in the average cost per property together with a slight reduction in Social Housing Grant per property. The Association has grown with no new social housing grant since 2006. Growth has been achieved through taking transfer of properties from other housing Associations. Many of these properties would have been sold on the open market had they not been bought by the Association, so the Association has retained these in the sector for social housing purposes. In addition, our partner Associations will have used the receipt from the sale of properties to Arawak Walton HA to help fund their provision of new build affordable homes.

	2014	2013	2012	2011	2010
£ per property	53,486	52,290	51,261	49,631	51,985
SHG per property	33,111	32,948	32,601	31,554	33,359
Grant rate	62%	63%	64%	64%	64%
Debt per unit	14,484	14,110	14,309	14,222	14,221
Equity Per property	5,891	5,232	4,351	3,854	4,406

The Association has undertaken an initial analysis to review the costs and income of each property in management over the next 30 years to arrive at the net present value of each property.

The analysis shows that over the coming 30 years, the net operating costs for all our properties is positive. Whilst our approach will be further developed and refined during the next financial year the information generated by this analysis will be used to inform our Asset Management Strategy and also our future investment planning. Specifically it will assist in decisions around future investment priorities, and in decisions around individual properties: whether to retain in their current state, to invest further, to sell or to remodel.

We have focused on maintaining and reducing the costs of sustaining our asset base by balancing cost and quality of components. More detail is contained in the section relating to procurement.

Operations

Every year the Homes and Communities Agency publishes The Global Accounts of Housing Associations, based on the previous year's annual accounts. In comparing AWhA's management and maintenance costs against those of other Associations in

REPORT OF THE BOARD OF MANAGEMENT
For the Year Ended 31 March 2014

2012/13, AWhA was £155,000 less expensive than the average of other traditional housing Associations. Comparing all social housing costs between AWhA and all other Associations demonstrates that the Association operates on a significantly lower cost base than those of other Associations. This equates AWhA's cost per home being £155 cheaper than the average.

	2012/13		Diff	Saving
	Global £000s	AWhA £000s	£000s	£
Management	1,012	872	140	140,893
Maintenance	1,078	1,064	14	14,133
Total	2,090	1,936	155	155,026

The trend in management and maintenance costs, per unit, over the course of the last five years is shown in the table below.

per unit (£)	2014	2013	2012	2011	2010
Management	916	872	839	808	878
Maintenance	1,211	1,064	1,029	1,025	1,424
Voids & Bad Debt	79	97	83	43	63

The increase in management costs between 2013/14 and 2009/10 was only 4%, demonstrating prudent cost control over a period when the retail price index inflation increased by 15%. The figures for maintenance are not directly comparable because of accounting changes, but the underlying increase between 2013/14 and 2010/11 is approximately 15%. This increase in part reflects the age profile of our stock and our expectation is that our maintenance costs will increasingly be comparable to those of other traditional housing Associations in the future.

This "saving" compared to the average enables us to invest in capital works to our properties and also helps us fund the acquisition of new homes for social rent in the communities in which we work. During 2013/14 we invested £588k in acquiring new properties. We invested £372k in component replacements and capital works to our existing schemes and £429k in completing refurbishments to a sheltered scheme which had been acquired in the previous year.

At the end of 2013-14, £31.9m had been invested by the government in Social Housing Grant in the Association. In 2013-14 this generated a saving for taxpayers and tenants of £1.91m as a result of our rents being lower than in the private sector. Of that saving, approximately £988k will go directly to tenants and £924k will go to the taxpayer as a result of lower housing benefit payments. This saving is shown by each of the local authority areas in which we work in the table below, comparing our rents with the Local Housing Allowance (LHA) maximum, and the number of tenants paid by housing benefit:

**REPORT OF THE BOARD OF MANAGEMENT
For the Year Ended 31 March 2014**

	LHA	Rent	Difference	Homes	HB Tenant saving		HB saving	Total
Manchester	120.58	81.3	39.28	890	422	955,796	861,851	1,817,647
Trafford	120.58	98.62	21.96	72	48	27,400	54,800	82,200
Stockport	115.39	92.22	23.17	10	6	4,818	7,227	12,046
Totals						988,015	923,878	1,911,892

AWHA invested resources in dealing with the new challenge of Welfare reform in order to minimise the impact to both the Association and our tenants. We employed a project officer for 18 months at a cost of £45,000 and conducted an initial project with a staff member at a cost of £7,000. The initial assessment in 2012 was that 208 tenants were affected by the changes. We provided help and assistance to almost all of these tenants, advising on options, correcting errors in HB information and helping complete Discretionary Housing Payment claims. As a result this had been reduced to 141 by 2014 with 10 tenants being facilitated into mutual exchanges and 4 transfers. The process also resulted in the Association gathering good information on the banking and computer literacy of these tenants ready for Universal Credit, the majority of whom are paying the full rent.

We have compared our performance against that of other North Western Associations which are members of Housemark.

REPORT OF THE BOARD OF MANAGEMENT
For the Year Ended 31 March 2014

	Measure	2013/14		2012/13		2011/12	
		Arawak Walton	Quartile	Arawak Walton	Quartile	Arawak Walton	Quartile
Satisfaction - overall services - GN*	%age			91	1		
Ave time taken to answer inbound phone calls	seconds	4.1	1	7.8	1	6.4	1
% void losses - GN	%age	7.4%	3				
Ave re-let time - GN	days	28	3				
Ave re-let time - HIOP	days	30	3				
Ave days lost due to sickness absence	days	7	3				
% of lettings to BME households	%age	68	1	70			
% rent collected - GN & HIOP	%age	98.4	3	98.33	4		
Current tenant arrears - GN & HIOP	%age	5.93	4	6.11	4	5.31	4
Former tenant arrears - GN & HIOP	%age	1.31	3	0.99	2	1.56	3
% Rent written off - GN & HIOP	%age	0.62	4	1.38	4	1.25	4
Satisfaction - listens to views and acts	%age	78	2	78	1		
Percentage of tenants satisfied with repairs and maintenance based on repairs completion advice	%age	95	4				
% repairs completed within target time	%age	100	1			98.57	2
% emergency repairs completed within target	%age	100	1	100	1	98.89	3
% urgent repairs completed within target	%age	100	1	98.6	2	98.79	2
% routine repairs completed within target	%age	100	1	99.02	2	98.36	2
Number of responsive repairs completed in the period	number	4968	1	5137			
% dwellings with a valid gas safety cert	%age	100	1	100	1	100	1

* This measure of satisfaction is made every three years using a STATUS : survey.

The table shows AWA's performance for the last three years together with the Housemark North West actuals for the period. The Quartile column indicates the performance quartile AWA is located in, i.e. quartile 1 shows that AWA's performance was in the top 25% of the Housemark sample. Our performance figures are not currently externally validated by Housemark.

The Association has increased the resources dedicated to benchmarking and this is reflected in the table above where the number of measures used for benchmarking has increased over the course of the last three years.

The Association prides itself on its reputation for excellent customer service and has improved its performance in retaining the Customer Service Excellence award for the past decade. A key focus of this has been the speed at which customer calls are answered which has been cut by 2.3 seconds over the past 3 years and we are very pleased to be in the top quartile for the speed at which it answers customer enquiries.

The arrears results for this year highlight the need for a radical focus on rent collection and the Association has scheduled a deep intervention into the income management process with a view to finding radical solutions especially as we approach the introduction of Universal Credit. The Association has however maintained the level of rent arrears despite 15% of its tenants having their housing benefit cut through the

REPORT OF THE BOARD OF MANAGEMENT

For the Year Ended 31 March 2014

Under Occupancy Levy and while the arrears level can be seen as high it is comparable with similar Associations. The Association acquired a sheltered scheme towards the end of the financial year and a number of properties were void pending our major refurbishment project: this is reflected in the percentage of properties void and unavailable to let. No other properties were void and unavailable to let at year end. The scheme will be brought back into full use during 2014/15. The tenants' perception of their rent is also in the bottom quartile and this self assessment will be used to promote the awareness of value for money to our tenants.

We have focussed on ensuring repair works are completed in a timely fashion and are delighted that we have improved the number of repairs that are completed within the target time scale over the last 3 years.

We undertook a review of future pensions provision and closed existing schemes to new members of staff, costing 50% of the Association's previous scheme.

Procurement

One of our objectives is to support local businesses, and to that end we try to use local contractors to undertake repairs to our properties. During 2013/14, 91% of our repairs, by cost, were undertaken by North West based contractors. This retained over £1.2m in the local economy. Significantly, our maintenance costs when compared to the sector's global accounts remain lower than average.

Over the course of the 2013/14 financial year the Association has:

Secured considerable cost savings in the procurement and installation of components such as boilers by negotiating directly with suppliers. The average cost of a boiler installation has fallen by 18% over the course of the last two years, saving £31,000 in the 2013/14 financial year.

Our boiler replacements programme also saved our tenants £88,000 in fuel costs in 2013/14 and over the course of the last five years has saved our tenants over £243,000. In addition it has reduced carbon dioxide emissions from our properties by 1.1 million kilograms.

Our process of tendering has led to potential savings of £140,000 (comparing the highest and lowest tender prices).

Used the services of an external specialist utilities procurement consultant, and this has generated savings for our tenants of £76,000 (comparing the highest and lowest quotes).

Treasury

During the course of the year we have invested time and resource in developing our Treasury monitoring and reporting systems.

By fixing loans at favourable rates of interest for numbers of years, during 2013/14 we have further reduced the interest payable in a full year by £95,000 compared to our

REPORT OF THE BOARD OF MANAGEMENT For the Year Ended 31 March 2014

budget and business planning assumption. Over the life of the fixes (which are secured for periods between 8 and 10 years) a total of a further £427,000 will be saved compared to the assumptions in the business plan.

The table below shows the changes in our loans and cost of capital over the course of the last five years. The average cost of capital has fallen by almost 100 basis points during that period, representing interest savings amounting to £14,000 during 2013/14. The average cost of capital for traditional housing Associations in the 2012/13 Global Accounts was 5.1%, showing that the AWhA's size has not had an adverse effect on the finance deals it has been able to secure.

	2014	2013	2012	2011	2010
Average Loan £000s	13,995	13,499	13,367	12,686	12,359
Interest £000s	646	683	729	664	691
Cost of capital	4.62%	5.06%	5.45%	5.23%	5.59%

The table below shows changes in our gearing ratio over the course of the last five years. It shows that our gearing remains significantly below our covenant of 55% and that the Association retains significant borrowing capacity which it can utilise to meet the future demand for social homes.

	2014	2013	2012	2011	2010
Gearing	37%	36%	38%	40%	37%

What are our plans for the future?

AWhA is committed to ensuring value for money in its work. During the course of the coming two years, the Association will:

Overall

- review additional opportunities to benchmark cost and quality measures with other Associations, specifically review the potential benefits of the new Housemark benchmarking cost service for smaller housing Associations, which will complement the operational benchmarking currently done via Skills and Projects
- attend events and network with peer Associations and suppliers to further explore ways in which VFM can be consolidated.
- develop a three year procurement plan to optimise value for money
- work to increase customer satisfaction measures

Assets

- further develop our understanding of the property assets on which our business is based together with our analytical tools to inform our asset management strategy and stock profiling
- review the financial appraisal process for potential new property acquisitions to ensure that new properties continue to be acquired in a value for money way.
- explore the potential of open market acquisitions of property (without grant) for sub market rent as a strategy to meet the needs of applicants on our waiting list and generate additional low cost housing, by trialling the acquisition of at least five new properties.

REPORT OF THE BOARD OF MANAGEMENT For the Year Ended 31 March 2014

- review our utilisation of maintenance contractors to ensure that we continue to achieve value for money through cost effective service provision from contractors and also increase levels of customer satisfaction.
- commission a review of asset management arrangements and an audit of a sample of our stock to ensure we continuously update our understanding of all future liabilities in our asset base
- trial the installation of “Blue Gen” units to generate cheaper energy with low carbon emissions, in a sheltered scheme, potentially saving tenants hundreds of pounds per year in service charge and reducing carbon emissions as well

Operations

- conduct a research exercise to optimise the value for money generated from the arrears management process
- develop a plan to ensure the costs of the direct payment of tenants, as the result of welfare reform, are controlled and minimised.
- introduce a periodic “Saving you Money” section of our newsletter to inform tenants about what the Association is doing to save them money together with action they can take themselves

Procurement

- continue to train staff with procurement responsibilities.
- review the potential benefits to be gained from membership of multiple procurement consortia
- explore the opportunities of entering into cost saving groups

Treasury

- continue to fix loans at current favourable rates of interest where this is appropriate.
- raise new finance at the most competitive rates possible

How will we use value for money gains?

Value for money gains which generate a cash saving will be used to reduce the cost of borrowing to develop new homes and continue our programme of investment in existing homes.

During the course of the transition to the new Welfare reform regime, it is expected that significant additional resource will be required to collect and process rents. Gains will also be used to fund this work.

Continue our support for the local economy by using local contractors where possible.

**REPORT OF THE BOARD OF MANAGEMENT
For the Year Ended 31 March 2014**

Summary of Value Generation 2013/14

The table below shows the value generated by the different activities detailed in the text of the assessment, together with the immediate recipient of the benefit. The savings attributed to AWHHA are recycled to help achieve the Association's objectives.

Item	AWHA	Tenants	Taxpayer	Total
£000s				
Rent Subsidy (SHG)		988	924	1,912
Delivery Model	156			156
Tendering	140			140
Boiler Programme	31	88		119
Loan Fixing	95			95
Utilities Consultancy		76		76
Total	422	1,152	924	2,498

Conclusion

Arawak Walton Housing Association complies with the requirements of the Value for Money standard.

A copy of this statement is available on the Association's website at www.arawakwalton.com

By order of the Board of Management the report was approved on 23rd July 2014 and signed on its behalf by:

C. D'Souza

Secretary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARAWAK WALTON HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Arawak Walton Housing Association Limited for the year ended 31 March 2014 on pages 13 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 3, the Board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ARAWAK WALTON HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

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

Date: 23rd July 2014

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	4,799,029	4,262,302
Operating costs	2	<u>(3,102,622)</u>	<u>(2,753,559)</u>
Operating surplus	2	1,696,407	1,508,743
Surplus on sale of fixed assets			
Interest receivable and similar income	5	1	1
Interest payable and similar charges	6	<u>(646,258)</u>	<u>(682,811)</u>
Surplus on ordinary activities for the year	7	<u>1,051,825</u>	<u>827,211</u>

All amounts relate to continuing activities.

The above surpluses are historical cost surpluses.

All recognised gains and losses are included in this statement.

The notes on pages 16 to 27 form part of these accounts.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

BALANCE SHEET
As at 31 March 2014

	Note	2014 £	2013 £
Tangible fixed assets			
Housing properties at cost less depreciation	8(a)	53,699,710	49,832,773
Less: Social Housing Grant	8(a)	<u>(31,890,514)</u>	<u>(31,399,356)</u>
Net Book Value of housing properties	8(a)	21,809,196	18,433,417
Other fixed assets	8(b)	<u>225,481</u>	<u>239,481</u>
Total fixed assets		<u>22,034,677</u>	<u>18,672,898</u>
Current assets			
Debtors	9	354,365	473,831
Cash at bank and in hand		<u>569,829</u>	<u>492,745</u>
		924,194	966,576
Creditors: amounts falling due within one year	10	<u>1,719,572</u>	<u>1,119,130</u>
Net current liabilities		<u>(795,378)</u>	<u>(152,554)</u>
Total assets less current liabilities		<u>21,239,299</u>	<u>18,520,344</u>
Creditors: amounts falling due after more than one year	11	14,615,330	12,948,204
Capital and reserves			
Share capital	12		
Designated reserves	13	168,415	162,784
Revenue reserves	13	<u>6,455,529</u>	<u>5,409,335</u>
		<u>21,239,299</u>	<u>18,520,344</u>

The financial statements on pages 13 to 27 were approved by the Board of Management on 23rd July 2014 and were signed on its behalf by:

Chairperson

Board Member

Secretary

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	15	3,535,47	2,023,555
Returns on investments and servicing of finance	15	(644,582)	(681,532)
Capital expenditure			
Acquisition and construction of housing properties		(4,378,170)	(1,743,487)
Net Social housing grant		491,158	526,053
Purchase of other fixed assets		(22,183)	
Sale of housing properties			
Financing	15	<u>1,095,382</u>	<u>(103,842)</u>
Increase in cash		<u>77,084</u>	<u>20,747</u>

Note of reconciliation of net cash flow to movement in net debt

Increase in cash in the period		77,084	20,747
(Increase)/decrease in debt and lease finance		<u>(1,095,378)</u>	<u>103,832</u>
		(1,018,294)	124,579
Net debt at start	15	<u>(12,954,122)</u>	<u>(13,078,701)</u>
Net debt at end	15	<u>(13,972,416)</u>	<u>(12,954,122)</u>

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

1. Principal accounting policies

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Homes and Communities Agency (HCA) as a Registered Provider of social housing.

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and statements of recommended practice. The accounts comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 and the Statement of Recommended Practice 2010 published by the National Housing Federation. The accounts are prepared on the historical cost basis of accounting.

Turnover

Turnover represents rental income receivable, grants from local authorities and the Homes and Communities Agency, income from the sale of shared ownership and other income.

Fixed assets and depreciation

Tangible fixed assets costing more than £1,000, except housing properties, are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Fixtures and fittings	15% on cost	Office equipment	15% on cost
Computer equipment	25% on cost	Office improvements (minor)	33% on cost
Office building	Based upon 60 year life		

Housing properties

Housing properties with the exception of freehold land are stated at cost less accumulated depreciation and capital grant. They are analysed by major component. Depreciation is charged on a straight line basis over the following expected economic useful life of those properties and associated components:

Housing properties - new build	100 years	Housing properties - rehab	60 years
Kitchens	20 years	Bathrooms	25 years
Boilers	15 years	Rewire	25 years
Windows	35 years		

Housing properties are transferred to completed properties when they are ready for letting.

Where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related Social Housing Grant.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

Social Housing Grant

Where developments have been financed wholly or partly by Social Housing Grant, the cost of those developments has been reduced by the amount of grant received.

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

Social Housing Grant is repayable in the following circumstances:

- (a) if a property is sold;
- (b) if the development of a property is not completed.

The net of Social Housing Grant received and not spent is included in current liabilities, taking into account all properties under construction.

Social Housing Grant is a subordinated unsecured repayable debt.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

1. Principal accounting policies (Continued)

Capitalisation of administration costs

Administration costs relating to development activities are capitalised based on an apportionment of the management time spent on this activity. In accordance with the 2010 Statement of Recommended Practice (S.O.R.P.) for Registered Social Landlords the Association only capitalises directly attributable costs.

Leased assets

Where assets are financed by leasing arrangements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term, this is generally equivalent to the original cost of the assets. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the Income and Expenditure Account.

Rentals paid under operating leases are charged to the Income and Expenditure Account.

Pension costs

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The Association operates a defined benefit pension scheme. The assets of the scheme are separate from the Association, and are administered independently of the Association's finances. The Association has fully adopted the provisions of FRS 17 'Retirement Benefits' in preparing these accounts as set out in note 20.

Disposal proceeds fund

Voluntary Purchase Grant net disposal proceeds are credited to this fund which appears as a creditor until spent.

Recycled capital Grant Fund

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund, which appears as a creditor until spent.

Value Added Tax

The Association is not registered for VAT. All amounts disclosed in the accounts are inclusive of VAT.

Support income and costs including Supporting People income and costs

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

Designations

The Association designates those reserves which have been set aside for designated uses which prevent them, in the judgement of the Board, from being regarded as part of the free reserves of the Association.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

Major repairs designation

The Association has decided not to designate reserves set aside for future major repairs on all of its housing properties as the cost of major components is now capitalised.

Equipment replacement designation

The Association designates those reserves set aside out of service charge income to replace scheme equipment.

Cyclical repairs and maintenance

Due to the number of properties held and the establishment of regular programmes of repairs and maintenance, the Association does not make provision for future works but charges actual costs incurred to the income and expenditure account.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

1. Principal accounting policies (continued)

Improvements to property

The Association capitalises expenditure on housing properties which increases the net rental stream. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance cost or a significant extension of the lives of properties.

Properties managed on behalf of others

Where the Association carries the substantive financial risk on such property, all the income and expenditure arising from the property is included in the Income and Expenditure Account.

When the Association does not carry the financial risk, the Income and Expenditure Account only includes that income and corresponding expenditure which relates to the Association. In general these will be classified as management fees.

Properties for sale

Properties developed for outright sale are included in Turnover and Cost of Sales.

Properties developed for outright sale are included in current assets as they are intended to be sold.

Loan issue costs

Issue costs incurred in relation to initial loan finance are capitalised. Refinancing costs are charged to the income and expenditure account in the year incurred.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

2. Turnover, operating costs and operating surplus

		2014		
	Notes	Turnover	Operating Costs	Operating Surplus
		£	£	£
SOCIAL HOUSING LETTINGS				
Social Housing Accommodation	2(a)	4,724,271	3,064,596	1,659,675
OTHER SOCIAL HOUSING ACTIVITIES				
Managed properties		44,56	38,026	6,542
NON-SOCIAL HOUSING ACTIVITIES				
Other		<u>30,190</u>	-	<u>30,190</u>
Total		<u>4,799,029</u>	<u>3,102,622</u>	<u>1,696,407</u>
		2013		
		Turnover	Operating Costs	Operating Surplus
		£	£	£
SOCIAL HOUSING LETTINGS				
Social Housing Accommodation	2(a)	4,173,130	2,695,097	1,478,033
OTHER SOCIAL HOUSING ACTIVITIES				
Managed properties		77,432	58,46	18,970
NON-SOCIAL HOUSING ACTIVITIES				
Other		<u>11,740</u>	-	<u>11,740</u>
Total		4,262,302	2,753,559	1,508,743

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

2(a) Particulars of income and expenditure from lettings

	2014 £	2013 £
Turnover from social housing lettings		
Rents receivable	4,017,794	3,842,867
Release of rent restructuring grant	338,207	
Service charges receivable	325,909	284,335
Charges for Support Services	<u>42,361</u>	<u>45,928</u>
Rents and service charges	<u>4,724,271</u>	<u>4,173,130</u>
Operating costs from lettings		
Housing accommodation		
Services	371,312	336,197
Management	919,557	830,561
Routine maintenance	864,236	807,421
Planned maintenance	125,981	136,357
Major Repairs	225,777	70,322
Property depreciation	511,231	454,768
Rent losses from bad debts	<u>46,502</u>	<u>59,471</u>
Total expenditure on lettings	<u>3,064,596</u>	<u>2,695,097</u>
Surplus on Social Housing Lettings	<u>1,659,675</u>	<u>1,478,033</u>
Void Losses	<u>32,524</u>	<u>32,871</u>

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

3. Officers' and senior executives' emoluments

The Association is controlled by a voluntary Board of Management, members of which are entitled to claim a small allowance for non standard business which totalled £950 in 2014 (2013: £1,000). In addition the Chair received remuneration of £4,490 in 2014 (2013: £4,502).

	2014 £	2013 £
The aggregate emoluments paid to or receivable by non-executive Directors and former Directors.	<u>5,440</u>	<u>5,502</u>
The aggregate emoluments paid to or receivable by executive Directors and former Directors	<u>210,613</u>	<u>179,747</u>
The emoluments paid to the highest paid Director excluding pension contributions:	<u>86,420</u>	<u>81,311</u>
The aggregate amount of any compensation paid to Directors or former Directors during the period of account.	_____ -	_____ -
The aggregate amount of Directors or past Directors' pensions, excluding amounts payable under a properly funded pension scheme.	_____ -	_____ -
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director.	_____ -	_____ -

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2014

3. Officers' and senior executives' emoluments (continued)

	2014 Number	2013 Number
The number of full time equivalent staff whose remuneration payable fell within bands of:		
£60,000 to £69,999	-	-
£70,000 to £79,999	-	1
£80,000 to £89,999	1	-
£90,000 to £99,999	-	-

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the Association of £6,536 (2013: £5,516) was paid in addition to the personal contributions of the Chief Executive.

Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Senior Management Team or its equivalent.

4. Employee information

	2014 No.	2013 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:	<u>27</u>	<u>25</u>
Office staff	22	22
Wardens, caretakers and cleaners		2
Repairs and Gardening staff	<u>2</u>	<u>1</u>
	<u>27</u>	<u>25</u>
	£	£
Staff costs		
Wages and salaries	756,455	683,924
Social security costs	69,434	62,299
Other pension costs	101,184	64,718
Temporary support staff	<u>16,216</u>	<u>18,295</u>
	<u>943,289</u>	<u>829,236</u>

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

5. Interest receivable and similar income

	£	£
Interest receivable and similar income	1,877	1,597
Less: Notional Interest to DPF	<u>(201)</u>	<u>(318)</u>
	<u>1,676</u>	<u>1,279</u>

6. Net interest payable and similar charges

	£	£
Interest on loans repayable in more than five years:		
- by instalments	598,772	633,505
- Property leasing charges in year	<u>47,486</u>	<u>49,306</u>
	<u>646,258</u>	<u>682,811</u>

7. Surplus for the year

	2014 £	2013 £
Is stated after charging:		
Auditors remuneration (excluding VAT):		
- in respect of audit services	4,800	4,830
- in respect of other services	-	-
Operating lease payments	12,103	13,705
Depreciation- Housing Properties	495,775	454,768
- Finance Lease	15,458	-
- Other fixed assets	<u>36,183</u>	<u>32,076</u>

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

8(a) Fixed assets-housing land and buildings

	Total £
Cost	
At 1 April 2013	53,268,029
Additions to existing and new properties	3,589,713
Replacement of components	788,457
Disposals	<u>(149,976)</u>
At 31 March 2014	<u>57,496,223</u>
 Depreciation	
At 1 April 2013	3,435,256
Disposals	(149,976)
Charge for the year	<u>511,233</u>
At 31 March 2014	<u>3,796,513</u>
 Cost less depreciation	
At 31 March 2014	<u>53,699,710</u>
 At 31 March 2013	<u>49,832,773</u>
 Social Housing Grant	
At 1 April 2013	31,399,356
Additions	1,843,985
Reclassification	<u>(1,352,827)</u>
At 31 March 2014	<u>31,890,514</u>

Reclassification is the movement of a grant originally received to assist the Association to meet the requirements of the rent restructuring regime. The remaining grant is shown in deferred income.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

8(a) Fixed Assets - housing land and buildings (continued)

Housing land and buildings (net of grant)

	Total £
At 1 April 2013	<u>18,433,417</u>
Net additions / (transfers) during the year	<u>3,375,779</u>
At 31 March 2014	<u>21,809,196</u>
	2014 £
Housing properties comprise:	
Freeholds	57,496,223
Short leaseholds	-
Accumulated SHG - Capital	£31,890,514
Accumulated SHG - Revenue	£NIL

Works to existing properties comprise £351,758 expensed in the year and £788,457 component additions.

The net book value of tangible fixed assets - housing land and buildings includes £1,167,823 (2013:£0) in respect of assets under finance leases. Depreciation charged in the year on these assets amounted to £15,458 (2013: £0).

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

8(b) Other fixed assets

	Office Improvements £	Fixtures & Fittings £	Office Equipment £	Computer Equipment £	Office Buildings £	Total £
Cost						
At 1 April 2013	131,891	53,821	38,005	159,372	242,004	625,093
Additions	10,275	2,125		9,783		22,183
Disposals	(15,301)	(6,322)	(4,588)	(34,391)	-	(60,602)
At 31 March 2014	<u>126,865</u>	<u>49,624</u>	<u>33,417</u>	<u>134,764</u>	<u>242,004</u>	<u>586,674</u>
Depreciation						
At 1 April 2013	131,891	38,609	33,024	132,988	49,100	385,612
Charge for the year	3,425	6,296	2,756	19,673	4,033	36,183
On disposals	(15,301)	(6,322)	(4,588)	(34,391)	-	(60,602)
At 31 March 2014	<u>120,015</u>	<u>38,583</u>	<u>31,192</u>	<u>118,270</u>	<u>53,133</u>	<u>361,193</u>
Net book value						
At 31 March 2014	<u>6,850</u>	<u>11,041</u>	<u>2,225</u>	<u>16,494</u>	<u>188,871</u>	<u>225,481</u>
Net book value						
At 1 April 2013	<u>-</u>	<u>15,212</u>	<u>4,981</u>	<u>26,384</u>	<u>192,904</u>	<u>239,481</u>

A loan with a balance outstanding of £29,580 (2013 - £42,925) is secured against the office building.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

	2014	2013
	£	£
9. Debtors due within one year		
Arrears of rent	320,897	247,565
* Less: Provision for bad and doubtful debts	<u>(92,762)</u>	<u>(87,563)</u>
	228,135	160,002
Other debtors	8,898	262,027
Prepayments and accrued income	<u>117,332</u>	<u>51,802</u>
	<u>354,365</u>	<u>473,831</u>
Employee loans of £4,464 (2013 - £5,240) are due after 1 year		
* Provision for bad and doubtful debts	£	£
At the beginning of the year	87,563	53,041
Add: Increase in provision for the year	46,502	59,471
Less bad debts written off in the year	<u>(41,303)</u>	<u>(24,949)</u>
At the end of the year	<u>92,762</u>	<u>87,563</u>
10. Creditors: amounts falling within one year	£	£
Loan repayments in one year or less	603,328	498,663
Rent and service charges received in advance	64,685	61,504
Other taxation and social security	18,246	17,893
Other creditors	2,523	24,833
Accruals and deferred income	931,859	411,584
Retentions: Capital schemes	18,150	24,073
Disposal Proceeds Fund	<u>80,781</u>	<u>80,580</u>
	<u>1,719,572</u>	<u>1,119,130</u>

At the year end, the Association had £2.15m of loan facilities immediately available to draw on when required.

**ARAWAK WALTON HOUSING ASSOCIATION
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014**

11. Creditors: amounts falling due after more than one year	£	£
Deferred income	676,413	-
St Gregory's Lease	898,323	935,127
Bank and Building Society loans	13,643,922	12,511,740
Less amounts falling due within one year (Note 10)	<u>(603,328)</u>	<u>(498,663)</u>
Amounts falling due after more than one year	<u>14,615,330</u>	<u>12,948,204</u>

Deferred income relates to the recategorisation of a grant originally received to assist the Association to meet the requirements of the rent restructuring regime. The grant was previously shown with Social Housing Grant.

Loans repayable by instalments falling due as follows:

Between 1 - 2 years	829,655	522,197
Between 2 - 5 years	2,806,495	1,925,039
Over 5 years	10,302,767	10,500,968
	<u>13,938,917</u>	<u>12,948,204</u>
Amount falling due within 1 year	<u>603,328</u>	<u>498,663</u>
Total loans	<u>14,542,245</u>	<u>13,446,867</u>

The building society and bank loans are repayable over terms of 15, 25, 30 and 35 years with fixed and variable interest rates.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

12. Non-equity share capital	2014 £	2013 £
At the beginning of the year	21	31
Surrendered during the year		
Issued during the year	<u>4</u>	<u>-</u>
Shares at the end of the year	<u>25</u>	<u>21</u>

The Association's shares are not transferable or redeemable. Payment of dividends or other benefits to members are prohibited by the Association's rules.

13. Reserves	Designated Reserves £	Revenue Reserves £	Total 2014 £
At 1 April	162,784	5,409,335	5,572,119
Surplus for the year	-	1,051,825	1,051,825
Transfers for the year	33,000	(33,000)	-
Utilised in the year	<u>(27,369)</u>	<u>27,369</u>	<u>-</u>
At 31 March	<u>168,415</u>	<u>6,455,529</u>	<u>6,623,944</u>

14. Capital commitments	2014 £	2013 £
Expenditure contracted for but not yet provided for	1,519,836	2,540,300
Expenditure authorised but not yet contracted for	<u>-</u>	<u>-</u>
	<u>1,519,836</u>	<u>2,540,300</u>

The Association expects to finance the expenditure above by:

Social housing grant receivable	95,000	859,540
Loan funding	<u>1,424,836</u>	<u>1,680,760</u>
	<u>1,519,836</u>	<u>2,540,300</u>

Of the total Capital Commitments identified, the net cost to the Association which is expected to fall within the next 12 months, is £1,424,836.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

15. Reconciliation of operating surplus to net cash flow from operating activities

	2014 £	2013 £	
Operating surplus	1,696,407	1,508,743	
Depreciation of other tangible fixed assets	36,183	32,076	
Depreciation of housing properties	511,233	454,768	
Working Capital Movements			
Debtors	119,466	344,594	
Creditors	<u>1,172,190</u>	<u>(316,626)</u>	
Net cash inflow from operating activities	<u>3,535,479</u>	<u>2,023,555</u>	
Returns on investment and servicing of finance			
Interest received	1,676	1,279	
Interest paid	<u>(646,258)</u>	<u>(682,811)</u>	
Generated in the year	<u>(644,582)</u>	<u>(681,532)</u>	
Financing	£	£	
Issue/(surrender) of ordinary shares	4	(10)	
Loans drawn	<u>1,095,378</u>	<u>(103,832)</u>	
	<u>1,095,382</u>	<u>(103,842)</u>	
Change in net debt	At start	Cash flows	At end
	£	£	£
Cash in hand, at bank	492,745	77,084	569,829
Debt due within one year	(498,663)	(104,665)	(603,328)
Debt due after more than one year	<u>(12,948,204)</u>	<u>(990,713)</u>	<u>(13,938,917)</u>
	<u>(12,954,122)</u>	<u>(1,018,294)</u>	<u>(13,972,416)</u>

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2014

16. Disposal Proceeds Fund

	DPF £
At 1 April	80,580
Grants recycled	-
Interest accrued	<u>201</u>
At 31 March	<u>80,781</u>

17. Operating leases

The Association holds certain office equipment under non-cancellable operating leases.

At 31 March the Association had commitments under these leases as follows:

	2014 £	2013 £
Leases expiring within the next year	1,492	3,792
Leases expiring in the second to fifth year	6,200	-
Leases expiring in more than five years	<u>-</u>	<u>-</u>

18. Units in management

	No.	No.
Under management at end of year		
Rented units	943	892
Low cost home ownership	16	16
Managed for others	44	44
Staff units	<u>1</u>	<u>1</u>
	<u>1,004</u>	<u>953</u>

19. Legislative provision

The Association is incorporated under the Industrial & Provident Societies Act 1965.

ARAWAK WALTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 March 2014

20. Pension Obligations

Arawak Walton participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

Arawak Walton's share of the SHPS cessation debt liability was £2,211,723 as at 30th September 2013.

21 Taxation

The Association has charitable status and hence is exempt from paying Corporation Tax.