

**ARAWAK WALTON
HOUSING ASSOCIATION LIMITED
(A Charitable Co-operative and Community Benefit Society)**

Financial Statements

For the Year Ended 31 March 2017

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Arawak Walton Housing Association Limited
Association Details
For the Year Ended 31 March 2017

Board of Management	Ms Evelyn Asante-Mensah (Chair) Mr David Brown (Deputy Chair) Mr Mike Cartwright Ms Lorri Holding Mr Charles Jarvis Ms Anita Patel Ms Nadia Fortune-Nesbit (Resigned 9 th December 2016) Ms Hilda Kaponda Ms Susan Taylor Dr. Kailash Chand (Appointed 25 th January 2017) Ms Sally Penni (Appointed 25 th January 2017) Professor Carol Baxter (Appointed 25 th January 2017)
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 The Lexicon Mount Street Manchester M2 5FA
Auditors	Beever and Struthers Chartered Accountants St. George's House 215-219 Chester Road Manchester M15 4JE
Registered office	Margaret House 23 Manor Street Ardwick Manchester M12 6HE
Registration Number	L3713 - Homes and Communities Agency 25160R - Co-operative and Community Benefit Societies Act 2014

**Arawak Walton Housing Association Limited
Board Report incorporating Strategic Report
For the Year Ended 31 March 2017**

The Board presents its report and audited financial statements for the year ended 31 March 2017.

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 Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider with charitable status.

The Association is a Public Entity Benefit as defined by FRS102.

Review of the year

The financial year 2016/17 saw our stock of homes increasing by an additional 86 units, 59 of which are managed on behalf of the Boaz Trust. Turnover remained at the 2016 level of £5.3 million. The total comprehensive income for the year of £1,457,720, has taken total reserves to £10,262,410. These reserves have been re invested and helped to fund the acquisitions of new properties costing £1,840,588 replacing components such as bathrooms, kitchens, windows and boilers in our existing stock costing £290,903.

The Association now has approximately £17.4 million of loan facilities in place at 31st March 2017, of which £15.7 million has been utilised. There were 1,111 units in management by the end of March 2017, of which 1,027 were owned by the Association at 31st March 2017.

The Association was again successful in achieving the Customer Service Excellence Standard in 2017. 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 (VfM).

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 by acquisitions from the open market.

Changes in fixed assets

Details of the movements in fixed assets are set out in note 11 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.

Arawak Walton Housing Association Limited

Board Report incorporating Strategic Report

For the Year Ended 31 March 2017

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 9 of the accounts.

Auditors

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

Principal Risks and Uncertainties

Board has adopted a comprehensive planning, risk and control framework. It has identified the following as the principal risks and sources of uncertainty which may impact on the Association's plans, and has put in place measures to monitor and, where appropriate, to mitigate these:

Government Policy

- A change to government policy results in a new measure which reduces the income which can be generated by the Association, increases the Association's costs, threatens its ability to operate independently, or otherwise has a negative impact on the Association.

Operating Environment

- A change in the operating environment such as an increase in inflation or interest rates increases the costs of the Association's work or otherwise has a negative impact on the Association.

Governance

- A problem of governance results in the Association making poor decisions, either about the Association's future strategy, its finances or the management of risks.

Property Risks

- The Association delivers its work primarily through letting physical property assets. This work is threatened if there are problems in letting or maintaining these assets in a cost effective way.

Compliance Risks

- The Association operates in an environment which requires compliance with both internal and external rules, standards and legislation. The failure to comply with one or more of these could lead to reputational damage, financial loss or harm to people.

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

The Co-operative and Community Benefit Societies Act requires 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 to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 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.

**Arawak Walton Housing Association Limited
Board Report incorporating Strategic Report
For the Year Ended 31 March 2017**

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.

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 or loss.

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.

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 Audit Committee and Board. Internal audit independently review the risk identification procedures and control process implemented by the executive officers and report to the Audit Committee at least three times a year. The Audit 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 Audit 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 a summary update on changes to key strategic risks and 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 delegated Committee.

Value for Money Self Assessment 2016/17

The Association conducts an annual Value for Money Self Assessment. This is published on the Association's website at www.arawakwalton.com.

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.

**Arawak Walton Housing Association Limited
Board Report incorporating Strategic Report
For the Year Ended 31 March 2017**

The Association regards continuous improvement as a key element of its value for money approach. An annual programme of service reviews is designed to address current priorities as well as ensure most areas of the Association's activities are reviewed on a periodic basis. Service reviews ensure that the needs of the Association's customers are effectively and efficiently met and that value for money principles are enshrined in their design.

Specific elements of our approach to value for money are:

- an annual review of our customer profile in terms of housing and geographical location aspirations to ensure it delivers housing opportunities where our customers want to live
- 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
- following the introduction of the new rent regime from the 2015/16 financial year our business plan recognises the importance of managing costs as close to the Consumer Price Index measure of inflation as possible
- setting specific VFM projects or objectives as part of the VFM statement on an annual basis

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

- annual scrutiny by the Board of the Business Plan and Budget
- a quarterly review by the Board 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
- review of the "ease" of allocations and lettings in new areas of operation
- Tenant Quality Panel (TQP) review of the appropriateness of services provided
- assessment of potential development opportunities 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
- consideration by Board of the annual Value for Money statement

Our approach to VFM has enabled us to grow without new social housing grant over the course of the last half decade. We have achieved this by working in partnership with housing providers through their stock rationalisation plans in areas in which we want to grow, by acquiring properties from the open market to be let at social rent and by being able to secure highly competitive funding deals. The age profile of our stock means that our asset management strategy identifies the need for investment in existing homes over the course of the next few years. We recognise and have estimated the additional costs of collecting rents from tenants who don't have experience of paying us directly, as Universal Credit is rolled out. Sustaining VFM practices will be crucial in enabling us to achieve these objectives.

**Arawak Walton Housing Association Limited
Board Report incorporating Strategic Report
For the Year Ended 31 March 2017**

Achieving our value for money objectives enable us to:

- sustain our ongoing investment in the homes we own to ensure they remain desirable to the communities we serve and have a long term future
- acquire or develop new properties in or close to our current areas of operation in order to help meet the needs of some of the thousands of people aspiring to live in the areas in which we operate

Assessing value for money involves balancing the needs of our current tenants against the needs of potential future tenants. An integral part of the Association's Value for Money strategy is that resourcing the needs of existing tenants will be met before resources will be made available for potential future tenants. Where there is scope for discretionary expenditure, the acquisition of new homes will be prioritised.

Arawak Walton Housing Association (AWHA) has used the sector scorecard currently being piloted in the sector to help understand and compare its performance across a range of value for money metrics and identify priorities for the future. The HCA's global accounts have been used to calculate sector averages and medians.

AWHA's headline cost per unit (cpu) of £2,800 in 2016/17 compared favourably with the HCA median of £3,550 (in 2015/16), being 21% below. Whilst this out-turn was partly the result of cyclical factors, the association expects to manage within the headline cpu over the course of the coming five years.

We recognise that there is work to be done to explore more efficient delivery of our maintenance and major repairs functions, and to that end we will aim to reduce the costs of maintenance by almost £80 per property over the course of the next four years, and review the more efficient delivery of our major repairs provision.

Over the course of the last year, we have increased the number of homes we own by almost 6% (60 homes) and we have achieved this without new grant. Of these, 27 homes were acquired to let at sub-market or social rent. We bought the freehold of a further 33 homes which had previously been leased. We manage a further 58 homes on behalf of the Boaz Trust.

Our operational performance has improved against our relet time, void loss and tenant arrears measures. Relet times halved over the course of the last year, void loss fell to a quarter of the 2015/16 cost and our two year focus on tenant arrears resulted in these reducing by 30%.

Statement of Compliance

The board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.7 of the 2014 SORP for Registered Social Housing Providers.

The Board has undertaken a review of the requirements of the Governance and Financial Viability Standard (April 2015) published by the Homes and Communities Agency, together with the Association's performance against these requirements. Based on this review, Board certifies its compliance with the requirements of this Standard.

The Board adopted the National Housing Federation Code of Governance (2015) in December 2015. The Board complies with the requirements of the code.

By Order of the Board:



Signed:

Date: 19th July 2017

**Arawak Walton Housing Association Limited
Report of the Independent Auditors
For the Year Ended 31 March 2017**

We have audited the financial statements of Arawak Walton Housing Association Limited for the year ended 31 March 2017 set out on pages 8 to 30. 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) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Association's members, as a body, in accordance with Section 87(2) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities set out on pages 3 to 4, 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

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

Opinion on financial statements

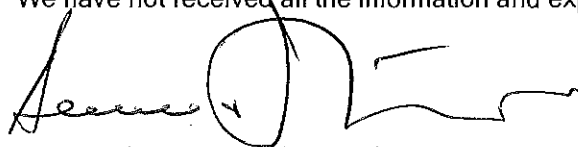
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 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; or
- the financial statements are not in agreement with the books of account; or
- We have not received all the information and explanations we require for our audit.



Beever and Struthers, Chartered Accountants and Statutory Auditor
St George's House, 215-219 Chester Road

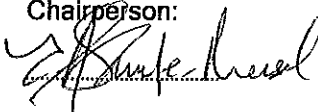
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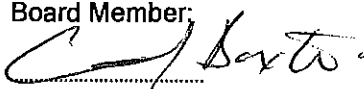
Date: 19th July 2017


Arawak Walton Housing Association Limited
Statement of Comprehensive Income
For the Year Ended 31 March 2017

	Notes	Year ended 31 Mar 2017	Year ended 31 Mar 2016
		Association £	Association £
Turnover	2	5,391,303	5,361,043
Operating expenditure	2	(3,381,163)	(3,501,933)
Operating surplus		2,010,140	1,859,110
Gain on disposal of property, plant and equipment (fixed assets)		13,541	-
Interest receivable		1,877	2,015
Interest and financing costs	5	(567,838)	(595,695)
Total comprehensive income for the year		1,457,720	1,265,430

The financial statements on pages 8 to 30 were approved and authorised for issue by the Board on 19th July 2017 and were signed on its behalf by:

Chairperson:


Board Member:


Secretary:


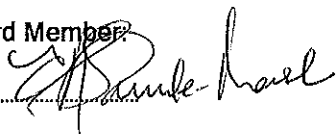
The results relate wholly to continuing activities and the notes on pages 12 to 30 form an integral part of these accounts.

Arawak Walton Housing Association Limited
Statement of Financial Position
For the Year Ended 31 March 2017

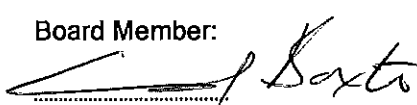
	Notes	Year Ended 31 Mar 2017 £	Year Ended 31 Mar 2016 £
Fixed assets			
Tangible fixed assets	11	<u>31,632,262</u>	<u>30,067,441</u>
		31,632,262	30,067,441
Current assets			
Trade and other debtors	12	210,208	235,508
Cash and cash equivalents	13	<u>722,751</u>	<u>860,241</u>
		932,959	1,095,749
Less: Creditors: amounts falling due within one year	14	1,627,877	2,542,065
Net current (liabilities)		<u>(694,918)</u>	<u>(1,446,316)</u>
Total assets less current liabilities		<u>30,937,344</u>	<u>28,621,125</u>
Creditors: amounts falling due after more than one year	15a	20,674,909	19,816,413
Reserves			
Non-equity share capital	19	25	22
Income and expenditure reserve		10,262,410	8,804,690
Total reserves		<u>30,937,344</u>	<u>28,621,125</u>

The financial statements on pages 8 to 30 were approved and authorised for issue by the Board on 19th July 2017 and were signed on its behalf by:

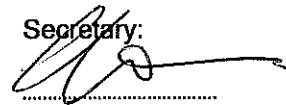
Board Member:



Board Member:



Secretary:



The notes on pages 12 to 30 form an integral part of these accounts.

**Statement of Financial Position
Consolidated Statement of Changes in Reserves
For the Year Ended 31 March 2017**

	Income and expenditure reserve £
Balance as at 1 April 2015	7,539,260
Surplus from Statement of Comprehensive Income	1,265,430
Balance at 31 March 2016	<u>8,804,690</u>
Surplus from Statement of Comprehensive Income	1,457,720
Balance at 31 March 2017	<u>10,262,410</u>

The notes on pages 12 to 30 form an integral part of these accounts.

Arawak Walton Housing Association Limited
Statement of Cashflows
For the Year Ended 31 March 2017

	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
Net cash generated from operating activities (see Note i)	2,321,741	2,310,260
Cash flow from investing activities		
Purchase of tangible fixed assets	(2,373,702)	(2,027,404)
Proceeds from sale of tangible fixed assets	85,030	-
Interest received	1,877	2,015
Cash flow from financing activities		
Interest paid	(530,217)	(579,279)
Interest element of finance lease rental payment	(32,545)	(41,829)
Issue of ordinary shares	3	(5)
New secured loans	1,848,000	702,000
Repayment of borrowings	(694,621)	(853,033)
Capital element of finance lease rental payments	(763,056)	(96,688)
Net change in cash and cash equivalents	<u>(137,490)</u>	<u>(583,963)</u>
Cash and cash equivalents at beginning of the year	860,241	1,444,204
Cash and cash equivalents at end of the year	<u>722,751</u>	<u>860,241</u>
Note i		
	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
Cash flow from operating activities		
Surplus for the year	2,010,140	1,859,110
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	695,407	672,541
Decrease/(increase) in trade and other debtors	25,300	186,800
(Increase) in trade and other creditors	(271,829)	(475,044)
Pension costs less contributions payable	(43,222)	131,844
Adjustments for investing or financing activities:		
Government grants utilised in the year	(88,979)	(90,404)
Interest payable	(5,076)	25,413
Net cash generated from operating activities	<u>2,321,741</u>	<u>2,310,260</u>

The notes on pages 12 to 30 form an integral part of these accounts.

Legal Status

Arawak Walton Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. The registered office is Margaret House, 23 Manor Street, Ardwick, Manchester M12 6HE.

1. Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting and are presented in sterling £.

The financial statements have been prepared in compliance with FRS102 for the year ended 31 March 2017.

Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Association undertakes an annual review of its Business Plan and its ability to meet its financial covenants. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- a. **Development expenditure.** The Association capitalises development expenditure in accordance with the accounting policy described on page 14. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- b. **Categorisation of housing properties** The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals.
- c. **Impairment.** The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

1. Principal Accounting Policies (continued)

Other key sources of estimation and assumptions:

- a. **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

- b. **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following the assessment of impairment no impairment losses were identified in the reporting period.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and the Homes and Communities Agency, income from the sale of shared ownership and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges

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

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Principal Accounting Policies (continued)

Taxation

The Association is granted charitable exemptions by HM Revenue and Customs, under reference XR48512, effective from the 19th August 1998.

Value Added Tax

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

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

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

UELs for identified components are as follows:

Housing properties - new build	100 years	Housing properties - rehab	60 years
Kitchens	15 years	Bathrooms	25 years
Boilers	15 years	Rewire	30 years
Windows	35 years	Lifts	25 years

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

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

Fixtures and fittings	15% on cost	Office Equipment	15% on cost
Computer equipment	25% on cost	Office improvements (minor)	33% on cost
Office Building	60 years		

Low cost home ownership properties

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

Capitalisation of interest and administration costs

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Principal Accounting Policies (continued)

Property managed by agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income Account.

Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Association.

In both cases, the assets and associated liabilities are included in the Association's Statement of Financial Position.

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

1. Principal Accounting Policies (continued)

Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal are credited to the DPF, this creditor is carried forward until it is used to fund the acquisition of new social housing.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Association has a participating interest.

Contributions payable under an agreement with SHPS to fund past deficits are recognised as a liability in the Association's financial statements calculated by the repayments known, discounted to the net present value at the year ended using a market rate discount factor of 1.92% at 31 March 2015, 2.06% at 31 March 2016 and 1.33% at 31 March 2017. The unwinding of the discount is recognised as a finance cost in the Statements of Comprehensive Income in the period incurred.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as loans are held at amortised cost using the effective interest method,

Categorisation of debt

The Association's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. At both 31.3.15 and 31.3.16 the Association had an undrawn loan facility which included provision for a fixed rate loan which had a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non basic". On the grounds that the Association believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Association's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Association has retained its "basic" treatment of its debt following the FRC announcement.

Arawak Walton Housing Association
Notes to the financial statements
For the year ended 31 March 2017

2. Turnover, cost of sales, operating expenditure and operating surplus

	2017		
	Turnover £	Operating expenditure £	Operating surplus £
Social housing lettings (note 3)	5,290,403	3,310,060	1,980,343
Other social housing activities			
Supporting people	33,844	30,824	3,020
Other:			
Managed Associations	48,569	40,279	8,290
Activities other than social housing			
Other	18,487	-	18,487
Total	<u>5,391,303</u>	<u>3,381,163</u>	<u>2,010,140</u>
	2016		
	£	£	£
Social housing lettings (note 3)	5,268,041	3,430,902	1,837,139
Other social housing activities			
Supporting people	33,844	30,827	3,017
Other:			
Managed Associations	49,031	40,204	8,827
Activities other than social housing			
Other	10,127	-	10,127
Total	<u>5,361,043</u>	<u>3,501,933</u>	<u>1,859,110</u>

Operating expenditure includes £15,000 (2016: £174,000) in respect of the revaluation of pension creditors, as disclosed in note 10.

Arawak Walton Housing Association
Notes to the financial statements
For the year ended 31 March 2017

3. Turnover and operating expenditure

	General Housing £	Housing for Older People £	Total 2017 £	Total 2016 £
Income				
Rent receivable net of identifiable service charge	3,888,812	538,777	4,427,589	4,426,769
Service charge income	124,077	308,108	432,185	409,223
Amortised government grants	86,579	2,400	88,979	90,404
Other grants	324,682	16,968	341,650	341,645
Turnover from Social Housing Lettings	4,424,150	866,253	5,290,403	5,268,041
Operating expenditure				
Management	678,150	99,097	777,247	843,738
Service charge costs	122,053	295,329	417,382	402,295
Routine maintenance	792,579	120,735	913,314	1,018,582
Planned maintenance	119,891	17,098	136,989	261,782
Major repairs expenditure	295,339	86,002	381,341	219,115
Bad debts	(8,142)	9,949	1,807	25,703
Depreciation of Housing Properties	600,417	81,563	681,980	659,687
Operating expenditure on Social Housing Lettings	2,600,287	709,773	3,310,060	3,430,902
Operating Surplus on Social Housing Lettings	1,823,863	156,480	1,980,343	1,837,139
Void losses	7,924	6,995	14,919	62,667

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

4. Accommodation owned, managed and in development

	2017		2016	
	Owned	No. of properties Managed	Owned	No. of properties Managed
Social Housing				
Under management at end of year:				
General needs housing				
Social Rent	868	9	818	42
Supported housing and housing for older people	147	-	147	-
Affordable Rent	3	-	-	-
Low-cost home ownership	16	-	16	-
Submarket Rent	8	-	1	-
	<u>1,042</u>	<u>9</u>	<u>982</u>	<u>42</u>
Non-Social Housing				
Under management at end of year:				
Staff Units	1	-	1	-
Rental Housing	-	59	-	-
	<u>1</u>	<u>59</u>	<u>1</u>	<u>-</u>

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

5. Interest and financing costs

	Association	
	2017	2016
	£	£
Finance leases	32,545	41,829
Deferred benefit pension charge	10,000	8,000
On loans repayable within five years	18,761	209
On loans wholly or partly repayable in more than five years	497,123	536,248
Costs associated with financing	<u>9,409</u>	<u>9,409</u>
	<u>567,838</u>	<u>595,695</u>

6. Surplus for the year

	2017	2016
	£	£
The surplus is stated after charging/(crediting):-		
Auditors remuneration (excluding VAT):		
Audit of the financial statements	6,666	4,860
In respect to other services	3,013	1,270
Operating lease rentals:		
- Office equipment	13,045	10,705
Depreciation of housing properties	681,980	659,687
Depreciation of other fixed assets	13,427	12,854
Surplus on asset sale	13,541	-

7. Taxation

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

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

8. Directors' remuneration

	2017 £	2016 £
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	<u>3,996</u>	<u>3,996</u>
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	<u>226,977</u>	<u>226,587</u>
The aggregate compensation paid to or receivable by Directors (key management personnel)	<u>-</u>	<u>-</u>
The emoluments paid to the highest paid Director excluding pension contributions	<u>92,940</u>	<u>92,840</u>
The aggregate amount of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	<u>-</u>	<u>-</u>
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	<u>-</u>	<u>-</u>
The aggregate amount of any consideration payable to Directors for loss of office	<u>-</u>	<u>-</u>

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 £6,808 (2016: £6,808) was paid in addition to the personal contributions of the Chief Executive.

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

With the exception of the chair of the Board, non executive directors do not receive remuneration from the Association. Remuneration paid to non executive directors is as follows:

	2017 £	2016 £
Evelyn Asante-Mensah, Chair of the Board	<u>3,996</u>	<u>3,996</u>

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

9. Employee information

	Association	
	2017 No.	2016 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	25	26
Wardens, gardeners and cleaners	4	4
	<u>29</u>	<u>30</u>

	2017 £	2016 £
Staff costs		
Wages and salaries	854,872	886,978
Social Security costs	43,271	72,086
Other pension costs	84,231	237,703
Temporary Staff	45,406	18,279
	<u>1,027,780</u>	<u>1,215,046</u>

	2017 No.	2016 No.
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:		
£60,000 - £70,000	2	2
£70,000 - £80,000	-	-
£80,000 - £90,000	-	-
£90,000 - £100,000	1	1

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

10. Pension obligations

The Association participates in the social housing pension scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 st April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 st April)
Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)
Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Provision at start of period	563	431
Unwinding of the discount factor (interest expense)	10	8
Deficit contribution paid	(68)	(50)
Remeasurements - impact of any change in assumptions	15	(3)
Remeasurements - amendments to the contribution schedule	-	177
Provision at end of period	520	563

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Interest expense	10	8
Remeasurements - impact of any change in assumptions	15	(3)
Remeasurements - amendments to the contribution schedule	-	177
Contributions paid in respect of future service*	69	61
Costs recognised in income and expenditure account	4	-

ASSUMPTIONS

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.33	2.06	1.92

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

11. Tangible fixed assets

	Housing Properties	Other fixed assets					Total Fixed Assets
		Office Improvements	Fixtures & Fittings	Office Equipment	Computer Equipment	Office Buildings	
	Social Housing Properties for Letting Completed £	£	£	£	£	£	Total fixed assets £
Cost							
At start of the year	35,221,970	129,092	49,624	34,825	107,299	242,004	35,784,814
Additions to properties acquired	1,840,588	-	-	-	1,559	240,651	2,082,798
Works to existing properties	290,903	-	-	-	-	-	290,903
Disposals	(235,428)	-	-	-	(42,718)	-	(278,146)
At end of the year	<u>37,118,033</u>	<u>129,092</u>	<u>49,624</u>	<u>34,825</u>	<u>66,140</u>	<u>482,655</u>	<u>37,880,369</u>
Depreciation and impairment							
At start of the year	5,346,985	127,607	44,472	33,515	103,595	61,199	5,717,373
Charge for the year	681,980	742	1,072	315	3,254	8,044	695,407
Disposals	(121,955)	-	-	-	(42,718)	-	(164,673)
At end of the year	<u>5,907,010</u>	<u>128,349</u>	<u>45,544</u>	<u>33,830</u>	<u>64,131</u>	<u>69,243</u>	<u>6,248,107</u>
Net book value at 31 March 2017	<u><u>31,211,023</u></u>	<u><u>743</u></u>	<u><u>4,080</u></u>	<u><u>995</u></u>	<u><u>2,009</u></u>	<u><u>413,412</u></u>	<u><u>31,632,262</u></u>
Net book value at 31 March 2016	<u><u>29,874,986</u></u>	<u><u>1,485</u></u>	<u><u>5,152</u></u>	<u><u>1,311</u></u>	<u><u>3,704</u></u>	<u><u>180,804</u></u>	<u><u>30,067,441</u></u>
Housing Properties comprise:							
						2017	2016
						£	£
Freeholds						16,855,902	16,790,649
Long leaseholds						14,355,121	13,084,337

Cost of properties includes £0 (2016:£0) for direct administrative costs capitalised during the year

Works to existing properties in the year:

Improvement works capitalised

Components capitalised

Amounts charged to expenditure

	2017	2016
	£	£
Improvement works capitalised	0	208,666
Components capitalised	290,903	666,405
Amounts charged to expenditure	518,330	480,898

The net book value of other fixed assets includes £0 (2016: £1,145,662) in respect of assets held under finance leases.

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

12. Trade and other debtors

	2017	2016
	£	£
Rent arrears	201,065	258,243
Less: provision for bad debts	(69,682)	(89,577)
Other debtors	10,624	4,695
Prepayment and accrued income	68,201	62,147
	<u>210,208</u>	<u>235,508</u>

Debtors are all due within one year

13. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank	<u>722,751</u>	<u>860,241</u>
	<u>722,751</u>	<u>860,241</u>

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Loans and overdrafts (Note 15b)	773,191	696,529
Trade creditors	32,185	6,071
Rents and service charges paid in advance	110,369	100,261
Other taxation and social security payable	8,038	18,303
Accruals and deferred income	492,816	452,231
SHPS pension agreement plan (Note 10)	64,249	56,865
Deferred Capital Grant (Note 16)	88,979	90,404
Other Grant	3,440	341,650
Disposal proceeds fund (Note 17)	34,746	-
Other creditors	19,864	16,695
Obligations under finance leases (Note 18)	-	763,056
	<u>1,627,877</u>	<u>2,542,065</u>

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

15(a). Creditors: amounts falling due after more than one year

	2017 £	2016 £
Loans (Note 15b)	14,737,694	13,660,977
Deferred Capital Grant (Note 16)	5,419,666	5,579,933
Other grant	30,959	34,399
SHPS pension agreement plan (Note 10)	455,751	506,358
Disposal proceeds fund (Note 17)	30,839	34,746
	<u>20,674,909</u>	<u>19,816,413</u>

15(b). Debt analysis

	2017 £	2016 £
Loans repayable by instalments:		
Within one year	773,191	696,529
In one year or more but less than two years	942,120	715,907
In two years or more and less than five years	3,248,420	2,524,899
In five years or more	10,717,618	10,600,044
Less: loan issue costs	(170,464)	(179,873)
Total loans	<u>15,510,885</u>	<u>14,357,506</u>

The loans are repayable monthly/quarterly and half yearly at varying rates of fixed and variable interest rates. The loans are repayable over terms of 15,25,30 and 35 years.

All loans are secured by specific charges on the Association's Housing Properties.

The interest rate profile of the Association at 31 March 2017 was:

	Total £	Variable Rate £	Fixed rate £	Weighted Average rate %	Weighted average term Years
Instalment loans	15,681,349	3,587,754	12,093,595	3.5	16

The amount charged, by charge holder is as follows:

	2017 £	2016 £
Nationwide Building Society	3,540,807	3,931,467
Newcastle Building Society	3,699,376	3,896,880
Royal Bank of Scotland	3,745,712	3,745,712
Triodos Bank	2,897,226	2,952,000
Lloyds Bank	1,791,881	7,011
Orchardbrook	6,347	4,309
Total Loans	<u>15,681,349</u>	<u>14,537,379</u>

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

16. Deferred capital grant

	2017 £	2016 £
At start of the year	5,670,337	5,760,741
Grant Disposal from RTA	(72,713)	-
Released to income in the year	(88,979)	(90,404)
At the end of the year	<u>5,508,645</u>	<u>5,670,337</u>
	£	£
Amount due to be released < 1 year	88,979	90,404
Amount due to be released > 1 year	<u>5,419,666</u>	<u>5,579,933</u>
	<u>5,508,645</u>	<u>5,670,337</u>

17. Disposal proceeds fund

	2017 £	2016 £
At start of year:		
Funds recycled	34,659	80,781
Net PRTB receipts	30,729	55,622
Certain proceeds of profit making PRPs	-	-
Interest accrued	197	256
Transfers from other PPRPs	-	-
Use/allocation of funds:		
New build		
Major repairs and works to existing stock	-	(102,000)
Transfers to other PPRPs	-	-
Other	-	-
Repayment of funds to the HCA/GLA	-	-
At end of year	<u>65,585</u>	<u>34,659</u>
Amounts three years old or older where repayment may be required	-	-

The Association held no balances on its Recycled Capital Grant Fund during the year (2016: £nil).

18. Obligations under finance leases

	2017 £	2016 £
Due within one year	-	763,056
In one year or more but less than two years	-	-
In two years or more and less than five years	-	-
In five years or more	-	-
	<u>-</u>	<u>763,056</u>

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

19. Non-equity share capital

	2017 £	2016 £
Allotted Issued and Fully Paid		
At the start of the year	22	27
Issued during the year	3	1
Surrendered during the year	-	(6)
At the end of the year	<u>25</u>	<u>22</u>

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights. All shares are fully paid.

20. Capital commitments

	2017 £	2016 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	274,400	101,000
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
	<u>274,400</u>	<u>101,000</u>
The Association expects these commitments to be financed with:		
Social Housing Grant	-	-
Cash	274,400	
Committed loan facilities	-	101,000
	<u>274,400</u>	<u>101,000</u>

21. Operating leases

The Association holds office equipment under non-cancellable operating leases. At the end of the year the PRP had commitments of future minimum lease payments as follows:-

	2017 £	2016 £
Within one year	11,254	7,368
In one year or more but less than two years	5,599	7,368
In two years or more and less than five years	2,384	2,068
In five years or more	-	-

Arawak Walton Housing Association Limited
Notes to the Financial Statements
For the Year Ended 31 March 2017

22. Grant and financial assistance

	2017	2016
	£	£
Net amortised Capital Grant	1,189,170	1,113,023
Obligation to recycle grant on disposal of stock transfers	25,896,394	25,430,833
Deferred Capital Grant (note 16)	5,508,645	5,670,337
Total Obligation to recycle on event of housing property disposal.	<u>32,594,209</u>	<u>32,214,193</u>

The Association receives grant from the Homes and Communities Agency which is used to fund the acquisition and development of housing properties and their components. The Association is responsible for recycling the grant in the event of the housing properties being disposed of. At 31st March 2017 this amounted to £32,594,209 (2016 - £32,214,193).

23. Related parties

The following are related parties:

The Board has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage. Rent charged to the Tenant Board member was £4,247 (2016: £4,332). There are no arrears on their tenancies at the reporting period end £Nil (2016: £Nil).

Related party balances are not secured

24. Financial Instruments

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost:		
Cash at bank and in hand	722,751	860,241
Trade Debtors	131,383	168,666
Other debtors	10,624	4,695
Financial liabilities at amortised cost:		
Loans	15,510,885	14,357,506
Trade Creditors	32,185	6,071
Rents and Service charges in advance	110,369	100,261
Accruals and deferred income	492,816	452,231
Deferred capital Grant	5,508,645	5,670,337
Disposal Proceeds fund	65,585	34,746
Other grant	34,399	376,049
Other creditors	19,864	16,695
Other taxation and social security payable	8,038	18,303
Obligations under finance leases	-	763,056