



GreenSquare

# Report and Financial Statements 2009/2010





If you would like to have any part of this document explained or translated, or in a different format such as in larger print, in braille or on audio tape, please contact Westlea on 01249 465465 to discuss your needs.

---

**WESTLEA HOUSING  
ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

---

*◆ Year ended 31 March 2010 ◆*

---

## REPORT AND FINANCIAL STATEMENTS

### CONTENTS

<b>BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS</b>	<b>1</b>
<b>REPORT OF THE MANAGEMENT BOARD</b>	<b>2</b>
<b>OPERATING AND FINANCIAL REVIEW</b>	<b>7</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>11</b>
<b>INCOME AND EXPENDITURE ACCOUNT</b>	<b>12</b>
<b>STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS</b>	<b>13</b>
<b>NOTES OF HISTORICAL COST SURPLUSES AND DEFICITS</b>	<b>13</b>
<b>RECONCILIATION OF MOVEMENT IN FUNDS</b>	<b>13</b>
<b>BALANCE SHEET</b>	<b>14</b>
<b>CASH FLOW STATEMENT</b>	<b>15</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>16</b>

---

**BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS**

**Board:**

Chair R Marshall  
D Cash (from 25 May 2010 Chair Designate)

Vice Chair A Bucknell

Other Members R Brooke  
A Cross Jones (from 29 October 2009)  
D Line  
R Harvey  
T Pearce  
P Peckham  
M Reilly  
H Taylor-Knox  
I Tomlinson  
I Williams

A Clapp (to 15 September 2009)

Managing Director A Cornelius

Secretary: L Whordley Hughes

Registered office: Methuen Park  
Chippenham  
Wiltshire  
SN14 OGU

External auditors: Grant Thornton UK LLP  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6FT

Registered number Registered as a charitable social landlord under the Industrial and Provident Societies Acts, No. 28095R.

Registered by the Tenant Services Authority, No. LH4083

Principal solicitors: Anthony Collins      Bevan Brittan      Blake Laphorn  
34 Edmund Street      Kings Orchard      Tarlo Lyons  
Birmingham      1 Queens Street      Compass Road  
B3 2ES      Harbour Court      North Rd Harbour  
                         Bristol      Portsmouth  
                         BS2 0HQ

Principal bankers: National Westminster Bank PLC  
30 High Street  
Chippenham  
Wiltshire  
SN15 3HB

## **REPORT OF THE MANAGEMENT BOARD**

The Management Board has pleasure in presenting the Association's audited financial statements for the year ended 31 March 2010.

### **Principal activities**

Westlea Housing Association ('WHA' or 'the Association') is a not-for-profit organisation administered by a Management Board and involved in the provision and administration of affordable rented accommodation. WHA managed 6,981 units of accommodation (of which it owned 6,947) as at 31 March 2010. The Association employed 202 staff, on a full time equivalent basis.

WHA is a subsidiary of GreenSquare Group Limited (GreenSquare). GreenSquare is a non asset holding Industrial and Provident Society, registered with the Tenant Services Authority (TSA) as a social landlord.

The GreenSquare group ('the group') aims to be a major provider of housing, regeneration, care and support and commercial services across Wiltshire, Oxfordshire, Gloucestershire and the surrounding areas.

Any surpluses made by WHA are retained within the group of which it is a subsidiary.

### **Business review**

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

### **Efficiency**

The Board is committed to delivering an effective and efficient service to tenants and other stakeholders and plans to employ a range of techniques to increase efficiency including re-evaluating procurement strategies, partnering with contractors for new build and reducing staff turnover, sickness and absenteeism.

### **Employees**

The quality of WHA's staff is essential to the success of the organisation. The Association's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of employees throughout the group. The group has Investors in People accreditation, and aims to be an employer of choice in the area in which it works.

The group is committed to working towards equal opportunities for all its employees and continues to invest in staff training and development and has improved systems of appraisal and performance management.

**REPORT OF THE MANAGEMENT BOARD *continued***

**Board members and executive directors**

Those Board members who served during the period and the Association's Managing Director are set out on page 1. The Board members are drawn from a wide background bringing together professional, commercial and local experience.

GreenSquare has provided a range of central services – governance, finance, development, human resources and information technology – to the Association, under the scope of an intra group agreement. The Chief Executive and the Group Director of Finance & IT have been employed directly by GreenSquare, providing services via this intra group agreement. The Group Corporate Services Director holds the position of Secretary to the Board. Other members of the Group executive team will attend meetings of the Board as appropriate but are not members.

The Managing Director holds no interest in the Association's shares and has been co opted to and acts within the authority delegated by the Board.

The Association has insurance policies which indemnify its Board members and the group executive team against liability when acting for the Association.

***The Board***

The Board comprises up to twelve non-executive members and is responsible for the Association's strategy and policy framework and managing the affairs of the Association.

The Board has delegated the day-to-day management and implementation of that framework (via the Intra Group Agreement) to the Group Chief Executive and other members of the group's executive team although responsibility for the implementation remains with the Association's Managing Director. The Association's Managing Director is a member of the group's executive team.

***Board Membership***

Under the terms of the Intra Group Agreement, the GreenSquare Group Membership Committee has nomination rights over the appointment of the Association's Board members. Independent members are selected by a panel of Board members (including the Chair and the Group Chief Executive) following public advertisement for recruitment. Tenant Board Members are selected under arrangements put in place by the main tenant liaison body, the District Forum.

***Remuneration policy***

The Remuneration Committee, comprising the Chair and a minimum of two other Board members, is responsible for setting the Association's remuneration policy for its Managing Director and other staff. The committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the staff. Basic salaries are set having regard to the Managing Director's responsibilities and pay levels for comparable positions.

***Service contracts***

The Managing Director is employed on the same terms as other staff - their notice periods are three months.

***Other benefits***

The Managing Director is entitled to cash allowance in lieu of a company car.

**Health and safety**

The Board is very much aware of its responsibilities on all matters relating to health and safety. The group has adopted detailed health and safety policies and provides board and staff training and education on health and safety matters, as well as having a post with responsibility for safety.

**REPORT OF THE MANAGEMENT BOARD** *continued*

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

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association at the end of the year and of the surplus or deficit of the Association for the year then ended.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice, "Accounting by registered social landlords" (2008), subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act 2008 (from 1 April 2010) and the Accounting Requirements for registered social landlords General Determination 2006. 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.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (2008).

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

**NHF Code of Governance**

The Association complies with the principal recommendations of the NHF Code of Governance (revised 2004) and has adopted a number of policies and procedures to help achieve these objectives.

**Internal controls assurance**

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the period commencing 1 April 2009 up to the date of approval of the annual report and financial statements.

**REPORT OF THE MANAGEMENT BOARD** *continued*

Key elements of the control framework include:

- Board approved terms of reference, including a detailed intra group agreement with its parent company, GreenSquare Group Limited, supported by detailed service level agreements and delegated authorities for audit and remuneration committees;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- review of the Association's risks by the Board and Group Audit Committee;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review on a regular basis;
- regular reporting to senior management and the Board/appropriate committee of key business objectives, targets and outcomes;
- Board approved whistleblowing, disciplinary and capability policy which covers expectations of fraud; code of conduct; and
- detailed policies and procedures in each area of the Association's work.

A fraud register is maintained and is reviewed by the Group Audit Committee at every meeting. There were none during the period under review.

The board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Group Audit Committee. The Group Audit Committee was formed to oversee the internal control framework for all companies within the group. The Group Audit Committee received and considered reports from management on these risk management and control arrangements at each meeting during the year and the Board received its annual risk report in May 2010 and regularly during the year.

The means by which the Group Audit Committee reviews the effectiveness of the system of internal control include considering risk reports, internal audit reports, fraud reports, management assurances, the external management letter and specialist reviews on areas such as treasury, health and safety, and efficiency.

The Group Audit Committee has received the Chief Executive's and Group Director of Finance & IT annual review of the effectiveness of the system of internal control for the group, and the annual report of the internal auditor, and has reported its findings to the Board.

**Going concern**

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

**Annual General Meeting**

The annual general meeting will be held on 14 September 2010.

**REPORT OF THE MANAGEMENT BOARD** *continued*

**Disclosure of information to auditors**

At the date of making this report each of the Association's Board members, as set out on page 1, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- each Board member has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

**Auditors**

A resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 20 July 2010 and signed on its behalf by:



**R Marshall**  
**Chairman**

## OPERATING AND FINANCIAL REVIEW - HIGHLIGHTS - FIVE YEAR SUMMARY

For the year ended 31 March	2010	2009	2008 Restated	2007 Restated	2006 Restated
<b>Income and Expenditure account (£'000)</b>					
Total turnover	29,406	28,376	25,256	24,387	23,353
Income from lettings	26,769	24,553	22,836	21,305	20,270
Operating surplus	6,689	5,813	4,931	5,104	5,299
Surplus for the year before transfers	636	222	896	853	1,069
<b>Balance Sheet (£'000)</b>					
Housing properties, net of depreciation	254,633	247,049	203,918	167,925	158,975
SHG and other capital grants	7,086	23,574	12,535	6,400	1,391
Housing properties net of capital grants and depreciation	247,547	223,476	191,383	161,525	157,584
Net current assets/(liabilities)	3,960	3,921	4,260	547	(2,817)
Loans (due over one year)	149,701	146,767	115,234	82,701	77,300
Net pension liability	10,135	4,604	2,457	4,128	4,978
Reserves : revenue	751	4,897	6,056	2,237	65
: revaluation	97,882	78,069	78,728	79,379	78,958
: total	98,633	82,966	84,784	81,776	79,023
<b>Accommodation figures</b>					
Total housing stock managed at year end (number of units):	6,981	6,798	6,529	6,275	6,260
In development	167	187	246	222	58
<b>Statistics</b>					
Operating surplus for the year as % of turnover	22.7%	20.5%	19.5%	20.9%	22.7%
Operating surplus for the year as % of income from lettings	25.0%	23.7%	21.6%	24.0%	26.1%
General needs stock:-					
Void rent losses ( <i>voids as % of net rent and service charges receivable</i> )	0.69%	0.75%	0.69%	0.88%	0.97%
Current rent arrears ( <i>gross arrears as % of net rent and service charges receivable</i> )	4.36%	5.40%	4.63%	4.18%	4.40%
Interest cover ( <i>operating surplus plus property depreciation and interest receivable, less surplus or plus deficit on property sales divided by net interest payable</i> )	1.45	1.35	1.40	1.50	1.48
Liquidity ( <i>current assets divided by current liabilities</i> )	1.72	1.54	1.90	1.14	0.35
Net Debt per unit ( <i>housing loans divided by General Needs unit numbers</i> )	25,278	25,327	20,206	15,020	14,057

The results for 2005 to 2008 have been restated to reflect the introduction of the 2008 Statement of Recommended Practice.

## **OPERATING AND FINANCIAL REVIEW**

### **Overall performance for the year**

The Association made a surplus after tax of £636,000 for the year. Our financial performance has meant we have met lenders covenants.

The net worth of the Association increased from £83.0m at the beginning of the year to £98.6m at the end.

Significant events during the year were:

- WHA developed 183 new properties during the year and there are 167 more properties/bed spaces on site in development.
- As a result of the increased levels of development, borrowings increased from £147.0m at the beginning of the year to £150.0m as at 31 March 2010.
- The Wiltshire County Council Pension Scheme deficit increased by £5.5m during the year, to leave the deficit at £10.1m as at 31 March 2010.
- The board appointed external professional valuers to undertake a valuation of the group's housing properties as at 31 March 2010. The value of the properties, on an existing use for social housing basis, was £247.5m and this has been reflected in the valuation of properties in the financial statements. On valuation, the surplus of £20.4m over the carrying value has been taken to the property revaluation reserve. However certain shared ownership developments have fallen in value and £0.7m has subsequently been impaired.

### **Business analysis**

#### **Key business plan objectives**

The Association aims to be an:

- excellent housing provider
- excellent partner
- excellent employer

It aims to expand its work in these areas:

- customer care and service delivery
- community development and quality of life initiatives
- the provision of new homes and services

From a financial perspective, this includes a focus on working more efficiently to re-invest in frontline services and the provision of more homes. The group has a value for money and procurement strategy and is working actively to decrease costs and increase the quality of homes and services.

#### **The nature of the business**

The Association works in Wiltshire, Gloucestershire and Swindon.

The stock is predominantly general needs with some accommodation for people with support needs and sheltered accommodation. In recent years the Association has also developed a number of shared ownership properties. Demand for properties in the main is high, and property prices in our areas of operation leave the vast majority of our tenants unable to afford to buy. Over 99% of our General Needs housing meets the decent homes standard.

We have set up an asset grading system to identify "at risk" properties more effectively. We are aware that the demand is falling for a limited number of sheltered properties. A housing strategy for the elderly is being developed to tackle this.

During the period covered by the financial statements the housing market has suffered from a marked deterioration. The Association is well positioned to manage any resulting risks, because of the balance of assets, need and the risk management processes.

**OPERATING AND FINANCIAL REVIEW** *continued*

## **Government and regulatory changes**

Changes in government policy or new legislation could have significant impact on the sector and therefore the operations of the group however it is currently difficult to predict what any change in regulation and funding arrangements will be.

In addition, the quality of affordable housing remains a key focus for a government that has committed to delivering decent homes for all social housing tenants by 2010. Housing Associations are also expected to contribute to the efficiency targets set following the Gershon review and we are therefore faced with the challenging objective of continuing progress in improving efficiency and quality of services.

## **Key indicators**

The Association's approach to performance management includes an outcome focussed business plan with clear targets and indicators of success summarised in a balanced scorecard, reported regularly to Board and senior management. The main indicators for next year are shown below:

- Actual surplus to be higher or equal to the budgeted surplus of £822,000
- Overall satisfaction with our service to be in the top quartile compared to our peers
- Overall satisfaction with last contact with WHA to exceed 80%
- Overall satisfaction with repairs and maintenance to be maintained at 87%
- 100% emergency repairs and 99% of urgent and routine repairs to be completed within target times
- Tenants believing rent is good value for money to exceed 83%
- Empty properties to be re let in under 3 weeks
- Staff satisfaction with WHA as an employer to be maintained at 85%

## **Operating review**

- Rents – WHA continues to comply with the regulators expectations on rents on its houses.
- The turnover of the Association has grown by £1.0m which is a rise of 3.6% on last year. Operating costs have risen by 0.7%, compared to last year.
- During the year the Association sold 3 Right to Buy properties. This was offset by the development of 183 new houses which came into management during the year. The Association is actively managing its development pipeline and aims to build 588 new properties by April 2014.
- Tax and charitable status. The Association converted to charitable status in November 2004. Consequently no tax is payable by the Association on its surplus for the year.
- Overall the Association's net worth increased from £83.0m to £98.6m. This is a result of the increase in revaluation reserves of £19.8m, however revenue reserves reduced by £4.2m largely due to the increased pension deficit. As at 31 March 2010 the latest value of our social housing stock was £247.5m on an Existing Use Value – Social Housing basis.

**OPERATING AND FINANCIAL REVIEW** *continued*

**Financial review**

This section sets out how the Association is financed and, in particular, how borrowings are managed.

As at 31 March 2010 the Association has borrowed £150m, an increase of £3m on the previous year. Of this £150m, 77% of debt was fixed at rates of between 3.2% and 5.99%, with the rest at an average variable rate of 1.95% at the year end. The Association's overall facility is £190m. Net interest costs were £5.7m for the year. Our financial performance has meant we have met lenders' covenants.

The Association aims to fix at least 60% of its debt, with maturities spread over the medium term.

We anticipate that a significant amount of the facility will be drawn down over the next three years to fund our development programme.

**Statement of compliance**

In preparing this Operating and Financial Review, the Board has followed the principles set out in the SORP: 'Accounting by Registered Social landlords' (2008).



**Ann Cornelius**  
**Managing Director**  
**20 July 2010**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTLEA HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Westlea Housing Association Limited for the year ended 31 March 2010 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised surpluses and deficits, the reconciliation of movement in funds and the related notes.

This report is made solely to the association's members, as a body, in accordance with regulations made under section 4 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practise) are set out in the Statement of Directors' Responsibilities (on page 4). Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

We report to you, our opinion as to whether the financial statements give a true and fair view in accordance with Chapter 9 of the Friendly and Industrial and Provident Societies Act 1968, and whether the financial statements are in compliance with Chapter 127, Part II, Chapter 4 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. In addition, in accordance with Chapter 9 of the Friendly and Industrial and Provident Societies Act 1968 we report to you if, in our opinion, the association has not kept proper books of account, or maintained a satisfactory system of control, or the financial statements are not in agreement with the books of account of the society; or we have not received all the information and explanations we require for audit. We read the other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the association's affairs as at 31 March 2010 and of the association's income and expenditure, for the year then ended
- the financial statements are in compliance with Chapter 127, Part II, Chapter 4 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**  
**Chartered Accountants and Registered Auditors**  
**Bristol, England**

**20 July 2010**

**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Turnover: continuing activities</b>	3	29,406	28,376
<b>Operating costs</b>	3	(22,717)	(22,563)
		<hr/>	<hr/>
<b>Operating surplus: continuing activities</b>	3,7	6,689	5,813
Deficit on sale of housing properties	5	-	(23)
Interest receivable and other income	8	19	73
Interest payable and similar charges	9	(5,711)	(5,372)
Other finance charges	10	(361)	(157)
		<hr/>	<hr/>
<b>Surplus on ordinary activities before taxation</b>		636	334
Tax on surplus on ordinary activities	12	-	(112)
		<hr/>	<hr/>
<b>Surplus on ordinary activities before taxation</b>	23	636	222
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 39 form part of these financial statements.

**STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS  
for the year ended 31 March 2010**

	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Surplus for the financial year		636	222
Unrealised surplus on revaluation of housing properties	23	20,412	-
Actuarial deficit relating to the pension scheme	10	(5,381)	(2,040)
Total recognised surplus/(deficit) since the last report		<u>15,667</u>	<u>(1,818)</u>

**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS  
for the year ended 31 March 2010**

	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Reported surplus on ordinary activities before taxation		636	334
Realisation of property revaluation gains		152	50
Excess of actual depreciation charge over historical cost depreciation	23	599	609
Historical cost surplus on ordinary activities before taxation		<u>1,387</u>	<u>993</u>
Historical cost retained surplus for the year		<u>1,387</u>	<u>881</u>

**RECONCILIATION OF MOVEMENTS IN ASSOCIATION'S FUNDS  
for the year ended 31 March 2010**

	<b>£'000</b>
Opening total funds as at 1 April 2009	82,966
Total recognised surplus relating to the year	15,667
<b>Closing total funds</b>	<u>98,633</u>

**BALANCE SHEET**  
at 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Tangible fixed assets</b>			
Housing properties	13	247,547	223,476
Other tangible fixed assets	14	3,647	3,625
		251,194	227,101
<b>Fixed asset investments</b>	15	3,315	3,315
		254,509	230,416
<b>Current assets</b>			
Stock	16	792	2,195
Debtors	17	4,694	2,647
Investments	18	3,932	6,305
Cash at bank and in hand		17	56
		9,435	11,203
<b>Creditors: amounts falling due within one year</b>	19	(5,475)	(7,282)
		3,960	3,921
<b>Net current assets</b>		3,960	3,921
<b>Total assets less current liabilities</b>		258,469	234,337
<b>Creditors: amounts falling due after more than one year</b>	20	149,701	146,767
<b>Net pension liability</b>	10	10,135	4,604
		159,836	151,371
<b>Capital and reserves</b>			
Non-equity share capital	22	-	-
Revaluation reserve	23	97,882	78,069
Revenue reserve	23	751	4,897
		98,633	82,966
<b>Association's funds</b>		98,633	82,966
		258,469	234,337
		258,469	234,337

The financial statements were approved by the Board on 20 July 2010 and signed on its behalf by:



B Marshall  
Chairman of the Board



A Bucknell  
Vice Chair



T Jackson  
On behalf of Company Secretary

**CASH FLOW STATEMENT**  
 for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Net cash inflow from operating activities</b>	25	7,283	10,629
<b>Returns on investments and servicing of finance</b>			
Interest received and similar income		19	73
Interest paid		(6,699)	(6,734)
<b>Net cash outflow from returns on investment and servicing of finance</b>		(6,680)	(6,661)
<b>Taxation – corporation tax paid</b>		(112)	-
<b>Capital expenditure</b>			
Purchase and construction of housing properties		(15,698)	(39,944)
Social housing grant received		9,926	10,043
Purchase of other fixed assets		(405)	(478)
Sale of properties - proceeds		274	229
<b>Net cash outflow from investing activities</b>		(5,903)	(30,150)
<b>Net cash outflow before liquid resources and financing</b>		(5,412)	(26,182)
<b>Management of liquid resources</b>			
Cash withdrawn from/(invested in) money market deposits	27	2,373	(5,271)
<b>Financing</b>			
Loans received	27	3,000	31,500
<b>(Decrease)/increase in cash</b>	27	(39)	47

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**1. Legal status**

The Association is registered under the Industrial and Provident Societies Act 1965, has charitable status and is registered with the TSA as a social landlord.

**2. Accounting policies**

**Basis of accounting**

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by registered social landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

**Turnover**

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

**Revenue recognition**

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

**Interest payable**

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

**Value added tax**

The Association charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and is not recoverable from HM Customs and Excise. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

**Pensions**

The Association participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS'), the Pension Trust's Growth Plan ('PTGP') and the Wiltshire County Council Pension Fund ('WCCPF').

For the SHPS and PTGP it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contributions payable to the scheme for the accounting period.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

For the WCCPF, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

**Supported housing managed by agencies**

Social housing capital grants are claimed by the Association as developer and owner of the property and included in the balance sheet of the Association. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Association and its managing agents and on whether the Association carries the financial risk.

Where the Association holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Association's income and expenditure account.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Association.

**Housing properties**

Housing properties are principally properties available for rent and shared ownership.

Completed housing properties are stated at Existing Use Value for Social Housing (EUVS-SH). Full revaluations of the properties are undertaken every five years and interim valuations are carried out where there are indications of a significant change in value.

Housing properties under construction are stated at cost less related social housing grant and other capital grants. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works to existing properties which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

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

**Donated land**

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

**Social housing grant**

Social housing grant (SHG) is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

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

**Other grants**

These include grants from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

**Depreciation of housing properties**

Freehold land is not depreciated. When the value of housing properties shown in the accounts exceeds the market value of the land at the date of the valuation, depreciation is charged to write down the depreciable amount, on a straight-line basis, over the estimated useful life of the properties to the business. The rate adopted is 1.25% per annum.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business if shorter.

**Impairment**

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating costs unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised surpluses and deficits.

**Other tangible fixed assets**

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold office buildings	75 years
Furniture, fixtures and fittings	5-10 years
Computers and office equipment	3-5 years
Motor vehicles	5-7 years

**Leased assets**

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**Stocks**

Stocks comprise shared ownership first tranche sales, completed properties for outright sale, property under construction and raw materials and consumables and are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal

**Investments**

Investments are valued at cost.

**Liquid resources**

Current asset investments are deposits with terms of more than seven days

**Revaluation reserve**

The difference between the valuation of housing properties and the historic carrying value (net of capital grants and depreciation) is credited to the revaluation reserve.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 March 2010

**3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	Note	2010		2009		
		Turnover £'000	Operating costs £'000	Turnover £'000	Operating costs £'000	Operating surplus / (deficit) £'000
<b>Social housing lettings</b>	4	26,769	19,447	24,443	18,250	6,193
<b>Other social housing activities</b>						
Architects and surveyors services		52	33	27	27	-
Management services		10	-	4	-	4
Supporting People contracts		685	734	698	731	(33)
Development costs not capitalised		-	736	-	411	(411)
First tranche shared ownership sales		1,664	1,576	2,944	2,843	101
Other		119	31	150	140	10
		<u>2,530</u>	<u>3,110</u>	<u>3,823</u>	<u>4,152</u>	<u>(329)</u>
<b>Non social housing activities</b>						
Student accommodation lettings		107	160	110	161	(51)
		<u>29,406</u>	<u>22,717</u>	<u>28,376</u>	<u>22,563</u>	<u>5,813</u>

The figures above include Big Lottery Funding amounting to £33,033.

NOTES TO THE FINANCIAL STATEMENTS  
31 March 2010

4. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs Housing	Supported Housing & housing For older people	Temporary social housing	Care Homes	Low cost home ownership	Garages	2010 Total	2009 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	23,645	1,485	69	32	275	594	26,100	23,842
Service charge income	331	236	-	24	28	(2)	617	455
Management fees	37	9	-	-	-	6	52	146
<b>Turnover from social lettings</b>	<b>24,013</b>	<b>1,730</b>	<b>69</b>	<b>56</b>	<b>303</b>	<b>598</b>	<b>26,769</b>	<b>24,443</b>
Services	1,060	300	5	27	24	5	1,421	952
Management	6,570	1,053	53	38	106	164	7,984	8,036
Routine maintenance	3,745	277	15	12	12	50	4,111	4,167
Planned maintenance	3,036	21	-	4	1	46	3,108	2,986
Major repairs expenditure	299	2	-	-	-	-	301	415
Bad debts	128	38	-	-	1	2	169	223
Depreciation of housing properties	1,447	130	-	-	47	-	1,624	1,471
Impairment of housing properties	-	-	-	-	729	-	729	-
<b>Operating costs on social housing lettings</b>	<b>16,285</b>	<b>1,821</b>	<b>73</b>	<b>81</b>	<b>920</b>	<b>267</b>	<b>19,447</b>	<b>18,250</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>7,728</b>	<b>(91)</b>	<b>(4)</b>	<b>(25)</b>	<b>(617)</b>	<b>331</b>	<b>7,322</b>	<b>6,193</b>
<b>Void losses</b>	<b>167</b>	<b>95</b>	<b>2</b>	<b>23</b>	<b>-</b>	<b>130</b>	<b>416</b>	<b>321</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**5. DEFICIT ON SALE OF HOUSING PROPERTIES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Proceeds	264	223
Other income	10	2
Council clawback	(95)	(157)
Cost of sales, at cost	(27)	(41)
Cost of sales, at revalued amount	(152)	(50)
	<u>-</u>	<u>(23)</u>

**6. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT**

The number of units of accommodation in management at the end of the year for each class of accommodation is as follows:

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
<b>Social Housing</b>		
General needs	5,934	5,804
Housing for older people	312	312
Care homes	25	25
Supported housing	220	201
Shared ownership	195	161
Accommodation managed on behalf of other organisations	1	1
Leasehold properties	260	260
Total owned	<u>6,947</u>	<u>6,764</u>
<b>Non-Social Housing</b>		
Student accommodation	34	34
Total units in management	<u>6,981</u>	<u>6,798</u>
Accommodation in development at the year end	<u>167</u>	<u>187</u>

**7. OPERATING SURPLUS**

This is arrived at after charging:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of housing properties	1,638	1,486
Impairment of housing properties	729	-
Depreciation of other tangible assets	383	366
Operating lease rentals – motor vehicles	-	8
Auditor's remuneration (including VAT)		
- for audit services	15	14
	<u>15</u>	<u>14</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**8. INTEREST RECEIVABLE AND OTHER INCOME**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Bank interest receivable	3	23
Interest from Group undertakings	16	50
	<u>19</u>	<u>73</u>

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Loans and bank overdrafts	6,630	6,713
Other Charges	117	43
	<u>6,747</u>	<u>6,756</u>
Capitalised interest	(1,036)	(1,384)
	<u>5,711</u>	<u>5,372</u>
Capitalisation rate used to determine the amount of finance costs capitalised during the period	<u>4.58%</u>	<u>5.1%</u>

**10. EMPLOYEES**

	<b>2010</b> <b>No.</b>	<b>2009</b> <b>No.</b>
<b>Average monthly number of employees (full time equivalents)</b>		
Housing	<u>202</u>	<u>205</u>
	<u>202</u>	<u>205</u>
<b>Staff costs:</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,053	4,912
Social security costs	376	371
Other pension costs	509	489
	<u>5,938</u>	<u>5,772</u>

The Association employees are members of the Wiltshire County Council Pension Fund (WCCPF), the Social Housing Pension Scheme (SHPS) or the Pension Trust's Growth Plan (PTGP). Further information on each scheme is given below.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**
**10. EMPLOYEES** *continued*
**(a) Wiltshire County Council Pension Fund - Scheme Closed by employer**

The Association participates in the Wiltshire County Council Pension Fund, a multi-employer scheme with more than one participating employer.

The Wiltshire County Council Pension Fund is a defined benefit scheme, part of the local government Superannuation Regulation 1986 (as amended) and the calculations have been made by an independent qualified actuary. Triennial actuarial valuations have been made by a qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2007 and rolled forward, allowing for the different financial assumptions required under FRS 17, to 31 March 2010 by a qualified independent actuary.

The income and expenditure charge for pension costs, the accounting policies and the disclosures are given on the basis of Financial Reporting Standard 17.

**Assumptions**

The major assumptions used by the actuary in assessing the scheme liabilities on a FRS 17 basis were:

	31 March 2010 % Per Annum	31 March 2009 % Per Annum	31 March 2008 % Per Annum
Salary increases	5.3	4.6	5.1
Pension increases	3.8	3.1	3.6
Discount rate	5.5	6.9	6.9
Inflation	3.8	3.1	3.6

**Mortality**

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.8 years	24.1 years
Future pensioners	22.3 years	25.7 years

**Contributions**

The contributions to the Wiltshire County Council Pension Fund by the Company for the year ended 31 March 2010 are shown below.

	2010 £'000	2009 £'000
Employer contributions	400	424

The employers contribution rate for 2009/2010 was 31.6% of pensionable pay and is expected to be 32.2% for 2010/2011.

<b>Analysis of the amount charged to operating surplus</b>	2010 £'000	2009 £'000
Current service costs	189	222
Curtailment and settlements	-	35
Past service costs	-	113
<b>Total operating charge</b>	<b>189</b>	<b>370</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**
**10. EMPLOYEES** *continued*

<b>Analysis of the amount charged to other finance charges</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Expected return on pension scheme assets	536	782
Interest on pension scheme liabilities	(897)	(939)
<b>Net charge</b>	<b>(361)</b>	<b>(157)</b>

**Fair value of employer assets**

	<b>2010 £000</b>	<b>2009 £000</b>
Equities	7,852	5,297
Bonds	1,769	1,965
Property	995	769
Cash	442	513
<b>Total</b>	<b>11,058</b>	<b>8,544</b>

**Balance sheet**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Fair value of employer assets	11,058	8,544
Present value of funded liabilities	(21,193)	(13,148)
<b>Net Liability</b>	<b>(10,135)</b>	<b>(4,604)</b>

**Analysis of amount recognised in statement of total recognised surpluses and deficits**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Actual return less expected return on pension scheme assets	2,064	(3,292)
Actuarial (losses)/gain of the scheme liabilities	(7,445)	1,252
<b>Actuarial loss in pension plan</b>	<b>(5,381)</b>	<b>(2,040)</b>

**Reconciliation of fair value of scheme liabilities**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Opening scheme liabilities	13,148	13,737
Current service costs	189	222
Interest cost	897	939
Contributions by members	84	85
Actuarial losses/(gains)	7,445	(1,252)
Past service costs	-	113
Losses on curtailments	-	35
Estimated benefits paid	(570)	(731)
<b>Closing scheme liabilities</b>	<b>21,193</b>	<b>13,148</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**
**10. EMPLOYEES** *continued*
**Reconciliation of fair value of scheme assets**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	8,544	11,280
Expected return on assets	536	782
Contributions by members	84	85
Contributions by employers	400	420
Actuarial gains/(losses)	2,064	(3,292)
Benefits paid	(570)	(731)
<b>Closing fair value of scheme assets</b>	<b>11,058</b>	<b>8,544</b>

**Amounts for the current and previous four accounting periods**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of employer assets	11,058	8,544	11,280	12,144	11,382
Present value of defined benefit obligation	(21,193)	(13,148)	(13,737)	(16,272)	(16,425)
Deficit	(10,135)	(4,604)	(2,457)	(4,128)	(5,043)
Experience gains/(losses) on assets	2,064	(3,292)	(1,564)	(182)	1,538
Experience gains/(losses) on liabilities	(7,445)	1,252	3,139	(59)	13

**(b) Social Housing Pension Scheme (SHPS)**

Westlea Housing Association (Westlea) participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate until 31 March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a 1/60<sup>th</sup> accrual rate
- Final salary with a 1/70<sup>th</sup> accrual rate
- Career average revalued earnings (CARE) with a 1/60<sup>th</sup> accrual rate

From April 2010 there are a further two benefit structures available, namely:

- Final salary with a 1/80<sup>th</sup> accrual rate
- Career average revalued earnings (CARE) with a 1/80<sup>th</sup> accrual rate

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**10. EMPLOYEES** *continued*

Westlea has operated the final salary (FS) with a 1/60<sup>th</sup> accrual rate benefit structure for active members as at 31 March 2008. This does not reflect any benefit structure changes made from April 2010.

Westlea has operated the career average revalued earnings (CARE) with a 1/60<sup>th</sup> for new entrants from 1 April 2008. This does not reflect any benefit structure changes made from April 2010.

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 determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Westlea paid contributions at the rate of 12.9% (CARE) and 14.05% (FS). Member contributions varied between 4.1% and 8.45% depending on their age.

As at the balance sheet date there were 94 active members of the Scheme employed by Westlea. The annual pensionable payroll in respect of these members was £2.4 million. Westlea closed the FS Scheme to new entrants on 30 September 2005, but continues to offer membership of the CARE Scheme to its employees.

It is not possible in the normal course of events to identify 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 the 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 last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared to liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
Valuation Discount rates	
- Pre retirement	7.8
- Non pensioner post retirement	6.2
- Pensioner post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**
**10. EMPLOYEES** *continued*

Pension increases

-	Pre 88 GMP	0.0
-	Post 88 GMP	2.8
-	Excess over GMP	3.0

Expenses for death in service insurance, administration and Pension Protection Levy (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions.

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1% pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa.

The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 <sup>th</sup> accrual rate	17.8
Final salary with a 1/70 <sup>th</sup> accrual rate	15.4
Career average revalued (CARE) earnings with a 1/60 <sup>th</sup> accrual rate	14.9
Final salary with a 1/80 <sup>th</sup> accrual rate	13.5
Career average revalued (CARE) earnings with a 1/80 <sup>th</sup> accrual rate	11.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**10. EMPLOYEES** *continued*

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator is currently in the process of reviewing the recovery plan for SHPS in respect of the September 2008 valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2009. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,723 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £738 million, equivalent to a past service funding level of 70.0%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Westlea has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Westlea was £5.4 million.

**(c) Pension Trust's Growth Plan**

Westlea participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**10. EMPLOYEES** *continued*

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

Westlea paid contributions at a rate between 5% and 7% during the accounting period. Members paid contributions at the rate of between 3% and 5% during the accounting period. As at the balance sheet date there were 8 active members of the Plan employed by Westlea. Westlea continues to offer membership of the Plan to its employees.

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

The valuation results at 30 September 2008 have now been completed and will be formalised shortly. The valuation of the scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	%pa
- Investment return pre retirement	7.6
- Investment return post retirement	
Active/deferreds	5.1
Pensioners	5.6
- Bonuses on accrued benefits	0.0
- Rate of price inflation	3.2

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**10. EMPLOYEES** *continued*

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared to the value of liabilities of £55 million, equivalent to a funding level of 93%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre retirement and 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to the Pensions Regulator on 18 December 2009. The next full actuarial valuation will be carried out as at 30 September 2011.

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**10. EMPLOYEES** *continued*

Westlea has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2009. As of this date the estimated employer debt for Westlea was £10,859.

**11. BOARD MEMBERS AND EXECUTIVE DIRECTORS**

The Chairman of the Board being the highest paid Director received remuneration of £8,000 (2009: £8,000) during the year.

Total remuneration paid to Board Members in respect of the year was:

	<b>2010</b>	<b>2009</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
R Marshall	8,000	8,000
A Bucknell	3,500	3,500
R Brooke	3,500	3,500
A Cross-Jones	1,487	-
D Line	1,750	1,750
T Pearce	-	-
M Reilly	3,500	3,500
H Taylor-Knox	1,750	1,590
I Tomlinson	3,500	3,500
R Harvey	3,500	1,886
P Peckham	3,500	1,458
I Williams	-	-
D Bligh	-	-
A Clapp	-	-
D Wheeler	-	1,317
	<hr/>	<hr/>
	33,987	30,001
	<hr/>	<hr/>

Expenses paid during the year to Board members amounted to £4,101 (2009: £4,508).

None of the Board members are members of the Social Housing Pension Scheme or the Wiltshire Pension Scheme.

There are no Executive Directors due to their transfer to GreenSquare Group Limited, the ultimate parent undertaking.

Details of the emoluments of Executive Directors are set out in the Financial Statements of GreenSquare Group Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**12. TAX ON SURPLUS ON ORDINARY ACTIVITIES FOR THE PERIOD**

**(a) Analysis of tax charge in period**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on surpluses for the period	-	112
	<hr/>	<hr/>
Tax charge on surplus on ordinary activities	-	112
	<hr/>	<hr/>

**(b) Factors affecting the tax charge for the period**

The tax assessed for the period differs to the standard rate of corporation tax in the UK (28%), as explained below:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the year before tax	1,461	334
<b>Theoretical tax of 28% (2008: 30%)</b>	409	94
Effects of:		
Surpluses arising in charity	(409)	(94)
Gains arising in Oakus Estates Ltd*	-	112
	<hr/>	<hr/>
Current tax charge for the period	-	112
	<hr/>	<hr/>

\* At the time Westlea Housing Association attained charitable status; a number of properties were transferred by Westlea to Oakus Estates Limited, at market value. Although the market value of the properties was greater than original cost, no corporation tax was payable by Westlea at that time on the resultant gain. However, as a consequence of the formation of the GreenSquare Group, this gain became chargeable to corporation tax in Oakus Estates Limited. As the resultant tax liability accrued in the period prior to which Westlea attained charitable status, Westlea agreed to settle this tax liability on behalf of Oakus Estates Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 March 2010

**13. TANGIBLE FIXED ASSET PROPERTIES**

Association	Social housing properties held for letting £'000	Lettings leasehold £'000	Social housing properties under construction £'000	Shared ownership properties held for letting £'000	Shared ownership properties under construction £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2009	206,919	1,237	29,261	11,699	1,106	250,222
Additions	-	-	12,835	625	1,105	14,565
Works to existing properties	475	-	-	-	-	475
Interest capitalised	-	-	1,036	-	-	1,036
Transfers	542	(538)	(104)	(1,187)	1,287	-
Schemes completed	20,676	-	(20,676)	2,604	(2,604)	-
Disposals	(79)	-	-	(100)	-	(179)
Valuation adjustment	(8,905)	-	-	(2,062)	-	(10,967)
At 31 March 2010	219,628	699	22,352	11,579	894	255,152
<b>Depreciation</b>						
At 1 April 2009	2,754	301	-	118	-	3,173
Charged in year	1,577	14	-	47	-	1,638
Impairment charge in year	-	-	-	525	204	729
Disposals	-	-	-	-	-	-
Valuation adjustment	(4,331)	-	-	(690)	-	(5,021)
At 31 March 2010	-	315	-	-	204	519
<b>Social Housing and other grants</b>						
At 1 April 2009	18,156	28	4,616	576	198	23,574
Additions	-	-	9,898	-	-	9,898
Transfers to RCGF	-	-	-	(28)	-	(28)
Schemes completed	7,624	-	(7,624)	30	(30)	-
Valuation adjustment	(25,780)	-	-	(578)	-	(26,358)
At 31 March 2010	-	28	6,890	-	168	7,086
<b>Net book value</b>						
At 31 March 2009	219,628	356	15,462	11,579	522	247,547
At 31 March 2010	186,009	908	24,646	11,005	908	223,476

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**13. TANGIBLE FIXED ASSET PROPERTIES *continued***

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH), including notional directly attributable acquisition costs, as at 31 March 2010. The group's housing properties have been valued by Savills Chartered Surveyors, professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors as follows:

	<b>£ '000</b>
Completed properties at valuation	231,563
Housing properties under construction at cost net of SHG and other grants	15,984
	<u>247,547</u>

In valuing housing properties, discounted cash flow methodology was adopted with key assumptions:

Discount rate (real)	4.75%
Annual inflation rate	2.50%
Level of annual rent increase	3.00%

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

	<b>2010</b>	<b>2009</b>
	<b>£ '000</b>	<b>£ '000</b>
Historical cost	178,155	162,638
Social housing grant	(47,897)	(37,999)
Depreciation and impairment	(7,692)	(6,022)
	<u>122,566</u>	<u>118,617</u>

**Social housing grant**

	<b>2010</b>	<b>2009</b>
	<b>£ '000</b>	<b>£ '000</b>
Total accumulated SHG receivable at 31 March was:		
Capital grants	51,590	41,692
	<u>51,590</u>	<u>41,692</u>

**Expenditure on works to existing properties:**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Amount capitalised	475	803
Amounts charged to income and expenditure account	301	415
	<u>776</u>	<u>1,218</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**14. TANGIBLE FIXED ASSET PROPERTIES *continued***

**Housing properties book value, net of depreciation and grant paid comprises:**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Freehold land and buildings	247,192	223,106
Long leasehold land and buildings	355	370
	<u>247,547</u>	<u>223,476</u>

**Impairment**

An impairment provision of £729,000 was made in March 2010 to reduce the carrying value of certain shared ownership properties to their value in use, being the estimated recoverable amount.

**14. TANGIBLE FIXED ASSETS – OTHER**

	<b>Freehold offices</b>	<b>Office equipment and fittings</b>	<b>Computers</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
At 1 April 2009	2,906	801	2,579	850	7,136
Additions	-	82	168	155	405
Disposals	-	-	(125)	(99)	(224)
At 31 March 2010	<u>2,906</u>	<u>883</u>	<u>2,622</u>	<u>906</u>	<u>7,317</u>
<b>Depreciation</b>					
At 1 April 2009	392	591	1,898	630	3,511
Charged in year	33	69	170	111	383
Disposals	-	-	(125)	(99)	(224)
At 31 March 2010	<u>425</u>	<u>660</u>	<u>1,943</u>	<u>642</u>	<u>3,670</u>
<b>Net book value</b>					
At 31 March 2010	<u>2,481</u>	<u>223</u>	<u>679</u>	<u>264</u>	<u>3,647</u>
At 31 March 2009	<u>2,514</u>	<u>210</u>	<u>681</u>	<u>220</u>	<u>3,625</u>

**15 FIXED ASSET INVESTMENTS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Shares in Group undertakings at 31 March 2010 and 2009	<u>3,315</u>	<u>3,315</u>

The Association owns issued share capital of the following companies incorporated and registered in England:

<b>Company</b>	<b>Principal Activity</b>	<b>Type of Share</b>	<b>Number of Shares</b>	<b>% Held</b>
Oakus Estates Ltd	Commercial Letting	Ordinary £1	2	12.5
		Preference £1	3,314,832	94.3
Westlea Homes Ltd	Housing Construction (Dormant)	Ordinary £1	2	100

No consolidated accounts have been prepared on the basis that the Association is a wholly owned subsidiary of GreenSquare Group Limited for which consolidated accounts have been prepared.

NOTES TO THE FINANCIAL STATEMENTS  
31 March 2010

16. STOCK

	2010 £'000	2009 £'000
Raw materials and consumables	112	168
Shared ownership properties:		
Properties under construction	177	981
Completed properties	503	1,046
	<u>792</u>	<u>2,195</u>

17. DEBTORS

	2010 £'000	2009 £'000
<b>Due within one year</b>		
Rent and service charges receivable	1,489	1,546
Less: provision for bad and doubtful debts	(571)	(566)
	<u>918</u>	<u>980</u>
Amounts owed from Group undertakings	1,267	1,031
Capital grants receivable	1,607	-
Other debtors	738	509
Prepayment and accrued income	164	127
	<u>4,694</u>	<u>2,647</u>

18. CURRENT ASSET INVESTMENTS

	2010 £'000	2009 £'000
Short term deposits	<u>3,932</u>	<u>6,305</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2010 £'000	2009 £'000
Trade creditors		2,065	2,025
Amount due to Group undertakings		189	1,316
Rent and service charges received in advance		581	575
Recycled Capital Grant Fund	21	64	35
Corporation tax		-	112
Other taxation and social security		169	117
Other creditors		336	240
Accruals and deferred income		2,071	2,862
		<u>5,475</u>	<u>7,282</u>

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £'000	2009 £'000
<b>Due after more than one year</b>		
Bank loans (repayable after 5 years)	150,000	147,000
Loan fee amortisation	(299)	(233)
	<u>149,701</u>	<u>146,767</u>

The bank loans are secured by floating charges over the assets of the association, and by fixed charges on individual properties.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR *continued***

The bank loans are repayable by instalments, with the final instalments due to be paid in the period to 2042. At the year end, 77% of debt was fixed with interest rates ranging from 3.2% to 5.99%, and 23% of debt was floating with average interest rates at 1.95%.

At 31 March 2010, the Association had undrawn loan facilities of £40.0 million (2009: £23.0 million). Since the year end, the Association has not redeemed any loans (2009: £Nil)

**21. RECYCLED CAPITAL GRANT FUND**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
At 1 April	35	34
Grants recycled	28	-
Interest accrued	1	1
Combined with allocations of SHG	-	-
	<hr/>	<hr/>
Balance at 31 March	64	35
	<hr/> <hr/>	<hr/> <hr/>

**22. NON-EQUITY SHARE CAPITAL**

	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>Shares of £1 each issued and fully paid</b>		
At 1 April	73	71
Shares issued during the year	1	2
At 31 March	74	73
	<hr/> <hr/>	<hr/> <hr/>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

**23. RESERVES**

	<b>Revaluation Reserve</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2009	78,069	4,897	82,966
Surplus for the financial period	-	636	636
Actuarial deficit relating to pension scheme	-	(5,381)	(5,381)
Transfers and disposals	(599)	599	-
Revaluation adjustment	20,412	-	20,412
At 31 March 2010	97,882	751	98,633
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**
**24. FINANCIAL COMMITMENTS**

Capital expenditure commitments are as follows:	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Expenditure contracted for but not provided in the accounts	30,721	13,462
Expenditure authorised by the Board, but not contracted	36,859	28,621
	<u>67,580</u>	<u>42,083</u>

It is anticipated that the above commitments will be financed through borrowings which are available under existing loan arrangements, and through social housing grant.

**Operating leases**

The payments which the Group and Association are committed to make in the next year under operating leases are as follows:

Vehicle leases expiring:	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Two to five years	11	6
	<u>11</u>	<u>6</u>

**25. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Operating surplus	6,689	5,813
Depreciation of tangible fixed assets	2,021	1,852
Impairment of tangible fixed assets	729	-
Pensions operating charge	189	335
Pensions contributions paid	(400)	(389)
	<u>9,228</u>	<u>7,611</u>
<b>Working capital movements</b>		
Stock decrease	1,403	1,958
Debtors (increase)/decrease	(2,047)	1,170
Creditors decrease	(1,301)	(110)
<b>Net cash inflow from operating activities</b>	<u>7,283</u>	<u>10,629</u>

**26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
(Decrease)/increase in cash	(39)	47
Cash (inflow)/outflow from in liquid resources	(2,373)	5,271
Cash inflow from increase in debt	(3,000)	(31,500)
Non cash movements	66	(33)
<b>Change in net debt from cash flows</b>	<u>(5,346)</u>	<u>(26,215)</u>
Net debt at 1 April	(140,406)	(114,191)
<b>Net debt at 31 March</b>	<u>(145,752)</u>	<u>(140,406)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2010**

**27. ANALYSIS OF NET DEBT**

	<b>1 April 2009 £'000</b>	<b>Cash flow £'000</b>	<b>Non cash movement £'000</b>	<b>31 March 2010 £'000</b>
Cash at bank and in hand	56	(39)	-	17
Current asset investment	6,305	(2,373)	-	3,932
	<u>6,361</u>	<u>(2,412)</u>	<u>-</u>	<u>3,949</u>
Loans	(146,767)	(3,000)	66	(149,701)
<b>Changes in debt</b>	<u>(146,767)</u>	<u>(3,000)</u>	<u>66</u>	<u>(149,701)</u>
<b>Changes in net debt</b>	<u>(140,406)</u>	<u>(5,412)</u>	<u>66</u>	<u>(145,752)</u>

**28. RELATED PARTIES**

There were five tenant members of the Board during the year: A Cross Jones (from 29 October 2009), R Harvey, T Pearce, A Clapp (to 15 Sept 2009) and I Williams. Their tenancies are on normal commercial terms and the tenant board members are not able to use their position to their advantage.

**29. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is GreenSquare Group Limited which is registered in England and Wales as an Industrial and Provident Society and registered social landlord.

Copies of its Group accounts are available from the registered offices of GreenSquare Group Limited.





Westlea Housing Association Limited

Registered Office Methuen Park, Chippenham, Wiltshire SN14 0GU • Phone 01249 465465 • [www.westlea.co.uk](http://www.westlea.co.uk)

An Industrial and Provident Society with charitable status 28095R • Housing Corporation Registered No. LH4083

Part of GreenSquare Group Limited



business for neighbourhoods

