

Westward Housing Group Limited

Annual Report and Financial Statements

31 March 2011

WESTWARD HOUSING GROUP LIMITED

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WESTWARD HOUSING GROUP LIMITED

BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board

Chair

Mr P Cowling

Other Members

Ms S Jones

Mr J Tuck (Resigned 27 July 2011)

Mr M Winwood (Resigned
27 Sep 10)

Ms L Smith

Mr D Bowen

Mr J Bayliss

Ms K Evans

Mr D Howell

Mr G Buck

Mr I McDougall (Appointed 27
Sep 10)

Ms S Worden

Executive Directors

Chief Executive

Mr J Tuck (Retired 29 July 2011)

Finance Director & Company
Secretary

Ms J Hughes (Appointed 1 May 2011)

Registered office

Templar House
Collett Way
Newton Abbot
Devon
TQ12 4PH

Auditors

KMPG LLP
Plym House
3 Longbridge Road
Marsh Mills
Plymouth
PL6 8LT

Principal Solicitors

Trowers & Hamlin
Portland House
Longbrook Street
Exeter
EX4 6AB

Principal Bankers

RBS
2nd Floor, Vantage Point
Woodwater Park
Pynes Hill
Exeter
Devon EX2 5FD

WESTWARD HOUSING GROUP LIMITED

REPORT OF THE BOARD

The Board presents its report and the consolidated audited financial statements for the year ended 31 March 2011.

Principal activities

Westward Housing Group Limited ('Westward' or 'the Association') is a registered provider and the non-asset holding parent company to its subsidiaries, Westcountry Housing Association Limited and Tarka Housing Limited (together known as 'the Group'). Westward is registered with the Tenant Services Authority as a charitable and group parent organisation. The housing property assets shown in the Consolidated Balance Sheet are owned or managed by Tarka Housing Limited or Westcountry Housing Association Limited. Westward does not own or manage any housing assets.

Business review

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

Board members and executive officers

Board members are shown on page 1. All the Board members and executive officers served throughout the financial year unless otherwise stated. The Board may from time to time appoint executive officers of the Group to serve on the Board. The Chief Executive currently serves on the Board in accordance with the Group's rules.

Employees

The Group acknowledges the importance of the quality of its employees in meeting its aims and objectives. The Group's ability to meet its commitments to residents and others in an efficient and effective manner depends on the contribution of its employees.

The directors recognise the importance of human resources. Practices to provide good communications and relations with employees include providing them with information on matters of concern to them as employees. Employees or their representatives are consulted on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interests.

It is Group policy to give fair consideration to the employment needs of disabled people and to comply with current legislation with regard to their employment. Wherever practicable, we continue to employ and promote the careers of existing employees who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitudes and abilities. The Association is committed to equal opportunities for all its employees. The equality and diversity strategy approved by the Board is made available to all staff.

Health and safety

The Board is aware of its responsibilities on matters relating to health and safety. The Group continues to review and update its detailed health and safety policies, including arrangements for appropriate staff training. On operational matters the Board delegates duties and responsibilities to a Westward health and safety working group comprising managers and staff of the Group, which includes a dedicated health and safety officer.

WESTWARD HOUSING GROUP LIMITED

REPORT OF THE BOARD (CONTINUED)

Officers' insurance

The Group purchases insurance each year against the liabilities of all Board members and executive officers in relation to the Group.

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period.

In preparing these financial statements, 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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

National Housing Federation Code of Governance

The Board are pleased to report that the Association has adopted the NHF Code of Governance (2010) and that it complies with all the principles of this code. The Association has also adopted the NHF Code of Standards (2011) and complies with the principles of this code.

The Board

The number of non-executive Board members is ten. There are six independent members, two nominees from the Tarka Housing Board and two nominees from the Westcountry Housing Association Board. The Chief Executive is currently also a member of the Board.

WESTWARD HOUSING GROUP LIMITED

REPORT OF THE BOARD (CONTINUED)

The Board (continued)

The Board members are drawn from a wide background bringing together professional, commercial and local experience. The Board meets, formally, at least five times a year for regular business and annually to discuss strategy and, as necessary, for members' training.

Board members are appointed in the first instance by the Board, and those appointed during the year to fill casual vacancies must retire at the next Annual General Meeting and are eligible for re-election by the share holding members. At each Annual General Meeting one third of the existing Board also retire and are eligible under the rules for re-election.

The Board is responsible for the Group's strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Group Chief Executive and other Group executive directors. The group senior management team comprises the Chief Executive, Finance Director, Investment & Procurement Director, Supported Housing Director and the Managing Directors of Westcountry and Tarka Housing. The senior management team normally meets fortnightly and attends Board meetings.

Committees

Under the group structure all committees are group committees. The Group committees deal with the Associations' requirements through (1) Audit & Treasury, (2) Planning & Urgency, and (3) Remuneration & Membership committees. The Group is represented on these committees through nominee Board members.

The Board and the Group committees obtain external specialist advice from time to time as necessary.

Internal Controls Assurance

The Westward Group Board has overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against financial misstatement or loss, fraud or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial statements and operational information and for the safeguarding of the Group's assets and interests.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, has been in place throughout the period commencing 1 April 2010 up to the date of approval of the report and financial statements.

In reaching this conclusion the Board has reviewed the key elements of the control environment, including:

- The Board and Committee structure, constitution, standing orders and financial regulations.
- Assurances received from management evidenced through comprehensive operational reports.
- Board approval of all short/medium terms plans and the risk assessments of those plans, reviewed quarterly by the Board.
- Risk management activities supported by the use of dedicated policy groups and working parties, which look at particular aspects of the Group's work.

WESTWARD HOUSING GROUP LIMITED

REPORT OF THE BOARD (CONTINUED)

Internal Controls Assurance (continued)

- The Group's audit arrangements both for internal and external audit. The use and award of quality management systems.
- Performance indicators across all major activities.
- Reports from and submitted to the Tenant Services Authority (formerly Housing Corporation) on the Group's compliance with all aspects of its regulatory code.
- Board approved whistle-blowing and anti-theft and corruption policies.
- Board approved anti-fraud policy, covering prevention, detection, and reporting of fraud, and the recovery of assets.

A fraud register is maintained and is reviewed by the Group Audit & Treasury Committee. During the year there were two reported cases of attempted fraud by third parties in relation to credit card and direct debit transactions. Neither attempt resulted in financial loss.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Group Audit & Treasury Committee to regularly review the effectiveness of the system of internal control. The Board receives minutes of the Audit & Treasury Committee meetings and can ask for specific reports to be referred to it.

The Board has received the Chief Executive's annual review of the effectiveness of the system of internal control, as it applies across the Group, and the annual report of the internal auditor. Within the review the Board noted that the overspend in the Westcountry Housing major repairs budgets did not have a material impact on the ongoing business of the Group. Controls are now subject to further review and procurement, processing and monitoring procedures will be enhanced during 2011.

The Board particularly reviews the service provided by its internal auditors and external auditors. These provide independent, trusted and objective reports which are reviewed initially by the Group's Audit & Treasury Committee and then by the Board.

The auditors have direct access to the Board and have review meetings with the Group Audit & Treasury Committee. The internal audit service is outsourced and follows an audit needs assessment plan agreed with the Board. The Board is of the view that this internal audit service should remain as one of the cornerstones of our internal control system.

The Board confirms that there have been no regulatory concerns, which have led the Tenants Services Authority to intervene in the affairs of the Association. The Board further confirms that there have been no significant problems in relation to failures in internal controls which require disclosure in the financial statements.

WESTWARD HOUSING GROUP LIMITED

REPORT OF THE BOARD (CONTINUED)

Disclosure of information to auditors

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

- so far as each director 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 director has taken all the steps that ought to have been taken as a director in order to be made 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.

Going Concern

After making enquiries the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditors

Grant Thornton resigned as auditors during the year and KPMG LLP were appointed.

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

Approval

The Report of the Board was approved by the Board on 4 August 2011 and signed on its behalf by:

Peter Cowling
Chair

OPERATING AND FINANCIAL REVIEW

Background

Activities

Westward Housing Group is a non-asset holding parent company consisting of two registered providers, Westcountry Housing Association and Tarka Housing.

The Group's head office is based in Newton Abbot and its properties are spread throughout Devon and Cornwall.

Both subsidiaries are non-charitable and operate four key business streams:

- 'general needs' housing for rent, primarily by families who are unable to rent or buy at open market rates;
- supported and sheltered housing for people who need additional housing-related support;
- low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to the association on the remainder; and
- support services for vulnerable members of the community.

As well as managing almost 6,500 properties, the Group is a major developer of new affordable housing and is a member of the development partnership, Partnership South West. During the year the Group transferred social enterprise activities offering training and employment opportunities in Torridge and North Devon.

External influences

Government policies are aimed at increasing housing supply by widening the availability of social housing grant to the private sector; extending opportunities for people to buy their homes; and consulting on changes to the planning and taxation systems to help finance the new developments.

In addition, the quality of affordable housing remains a key focus. Government is committed to delivering decent homes for all social housing tenants by 2010. Social housing providers are also expected to contribute more of their financial resources to developing new social housing and are therefore faced with the challenging objectives of improving efficiency whilst maintaining high quality services.

Objectives and strategy

The formation of Westward was part of a strategy initiated by Westcountry Housing Association to create a non-asset holding parent association to respond to the new business environment by developing a new sub-regional group. The Group also provides a parent for the existing Westcountry Housing Association and Tarka Housing and to accommodate further subsidiaries that share its visions and mission.

Our Vision is:

Westward Group members

...will deliver excellence through meeting our promises

- involving, empowering and engaging with residents & service users
- promoting positive local identity
- working with a wide range of partners
- bringing other partners into the Group with complementary strengths

WESTWARD HOUSING GROUP LIMITED

OPERATING AND FINANCIAL REVIEW (CONTINUED)

- developing more affordable homes
- being employers of choice
- promoting open and transparent communications and feedback

...will deliver better homes by

- improving our existing housing stock
- building high quality new homes
- working to high environmental and energy efficiency standards
- incorporating the benefits of sustainable communities
- involving residents in designing homes where people want to live

...will provide healthier environments by

- raising the quality and extending the range of services to residents & service users
- supporting people who are vulnerable
- getting services right first time
- aspiring to top inspection and accreditation results
- encouraging user-driven and user focussed innovation

...will provide stronger, happy neighbourhoods by

- putting communities and their needs at the forefront
- encouraging employment and training opportunities particularly for Westward residents
- ensuring equality and diversity are fully reflected in all activities

Key indicators are used by the senior management team to monitor achievement of the Group's objectives. Targets are set each year by the Board to manage development and deliver continuous service improvement.

Westward is the main promoter, co-ordinator and adviser to the Group and its subsidiaries in the furtherance of the Group's overall objectives and goals. It delivers all corporate services to the subsidiaries.

In the longer term Westward will:

- Provide the capacity, both human and financial, to enhance and expand services across the Group. The Group will provide a benchmark for service improvement and the toolkit to drive and secure the enhancement of services.
- Build on the platform for resident involvement established by all its members to put residents and residents' needs at the heart of the organisation.
- Release resources from efficiencies to invest in enhanced services and in business growth in line with residents' priorities.
- Create a volume of activity that enables the formation of specialist services.
- Expand the capacity of the constituent bodies to manage risk and the provision of affordable homes and new initiatives.
- Expand the opportunities of Group members to take the control of developments, procure mixed tenure schemes and maximise the provision of affordable homes.

WESTWARD HOUSING GROUP LIMITED

OPERATING AND FINANCIAL REVIEW (CONTINUED)

General operating environment

These financial statements show the results of the Group activities for the year ended 31 March 2011. Group activities are those of the two subsidiaries Tarka Housing and Westcountry Housing. Highlights of the Group for the year include:

- General needs rents increased in accordance with the subsidiary rent plans. The rent plans were introduced following government legislation requiring equalisation of local authority and housing association rents by 2012.
- Housing stock of 4,922 general needs, 978 shared ownership properties and 537 supported housing bedspaces including 166 new properties in management.
- Completion of 19,985 responsive repairs during the year compared with 18,115 in the previous year.
- Major improvement works on 1,466 properties including replacement of kitchens, bathrooms and heating systems.
- Cyclical maintenance and external renovation expenditure on 580 properties.

Performance for the year

The Group generated a surplus for the year of £2.2m (2010: surplus £1.3m). The increase in surplus is due to additional income generated from rent, service charge and support charges as a result of increasing stock numbers and the introduction of service charge accounting in Tarka Housing.

The Group and its subsidiaries are committed to generating sufficient reserves to pursue its core objectives and to meeting the following funding requirements:

- Maintaining housing properties to Decent Homes Standards or better.
- Financing long term loan repayments.
- Providing a contingency against risk and future uncertainties.
- Meeting targets and promises for property improvements.
- Development of new schemes and property purchase.
- Maintaining the affordability of rents.

Results of key performance indicators for the Group in the year were as follows:

- Average first tranche sales of shared ownership 41% compared to a target of 45%, an increase of 4.6% compared with 2009/10.
- Grant allocation for 463 rented and 86 shared ownership properties in the 2008-11 development programme.
- 193% of cash spend target met and 124% new schemes completed during the 2008-11 development programme.
- Group staff turnover was 15.9% compared with a target of 13.5%
- Group staff satisfaction with 'working for my company' was 84%.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Performance for the year (continued)

Results of key performance indicators for the subsidiary companies Westcountry and Tarka were as follows:

- For Tarka - 90% of tenants were satisfied with landlord service compared with the regional upper quartile benchmark of 88%, emergency repairs completed within target 100% compared with a target of 99% and average re-let time in calendar days of 18.9 compared with a target of 17.
- For Westcountry - 86% of tenants were satisfied with landlord service compared with the regional upper quartile benchmark of 88%, emergency repairs completed within target 99% compared with a target of 100% and average re-let time in calendar days of 17.8 compared with a target of 18.
- For Westcountry support services – units of floating support provided as a percentage of funded units was 86% compared with a target of 100%, average relet time in calendar days 13 compared with a target of 18 and overall occupancy of 94% compared with a target of 96%.

Main Factors and influences

The operating environment for registered providers is in a state of great change. Influences for Westcountry Housing Association include the cost and availability of future private finance, the housing market and potential changes to the benefit system.

The Westward Group has made an offer to the Homes and Communities Agency through Westcountry to develop approximately 400 new properties in the next 4 years at reduced grant rates and charging 80% market rents. This development model is new to the sector as it relies on high rent levels over a longer period rather than capital subsidy received during the development process.

The main driver for Tarka Housing in the future is to continue to deliver the promises for stock improvements made to tenants in the 2007 offer document produced as a result of the transfer of the housing stock from Torridge District Council. 2011/12 will be the fourth year of the delivery of the promises.

The changing regulatory environment together with the potential for changes to benefit structures are potentially major influences on the delivery of the stock improvements.

Treasury management

Treasury management is operated within a policy approved by the Board. The overall financing requirement is approved by the Board – individual loans are approved by the Westward Group Audit & Treasury Committee. Investments are made only with counterparties specified within the Treasury Management Policy. A conservative approach is adopted, no derivatives are used and quarterly reports are received by the Audit & Treasury Committee on investment performance.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Cashflow and liquidity

The cash inflow from operating activities during the year was £6.7m (2010: inflow £4.7m).

The Group financial instruments comprise borrowings, cash and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for operations. The main risks from the Group financial instruments are interest rate risk and liquidity risk.

New developments are financed through a mixture of retained reserves, social housing grant and debt. Agreed loan facilities are currently in place secured against Westcountry Housing assets. The facilities are in place to cover our cash flow requirements over a rolling twelve-month period, plus a margin for comfort. The total level of secured facilities stands at £111m.

There are good relationships with lenders but the Group is acutely aware that the funding market remains competitive and innovative, and devotes considerable energy to exploring and developing new relationships.

When negotiating new loan facilities, a number of principles are adhered to, particularly the consistency of financial covenants. This means that all our lenders enjoy a common set of measures, which streamlines the Group internal monitoring processes.

Statement of Compliance

In preparing the Operating and Financial Review the Board has followed the principles set out in the SORP 2008.

Peter Cowling

Chair

4 August 2011

WESTWARD HOUSING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF WESTWARD HOUSING GROUP LIMITED

We have audited the financial statements of Westward Housing Group Limited for the year ended 31 March 2011 which comprise the Group and Association Income and Expenditure Accounts, the Group Statement of Total Recognised Surpluses and Deficits, the Group and Association Balance Sheets, the Group Cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 3, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and Association as at 31 March 2011 and of the Group and Associations surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

WESTWARD HOUSING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF WESTWARD HOUSING ASSOCIATION (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969 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 need for our audit.

Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Plym House

Plymouth

PL6 8LT

4 August 2011

WESTWARD HOUSING GROUP LIMITED

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 March 2011

	Note	2011 £000	2010 £000
Turnover	2	30,017	28,183
Operating costs	2	(24,413)	(23,987)
Operating surplus	<u>2.4</u>	<u>5,604</u>	<u>4,196</u>
Surplus on sale of properties	27	412	736
Interest receivable and other income	5	16	7
Interest payable and similar charges	6	(3,717)	(3,536)
Other finance costs	7	(74)	(72)
Surplus for the year	20	<u>2,241</u>	<u>1,331</u>

All results are on a historical cost basis.

All of the Association's turnover and results relate to continuing activities

WESTWARD HOUSING GROUP LIMITED

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

Year ended 31 March 2011

	Note	2011 £ 000	2010 £ 000
Turnover: continuing activities	3	2,011	1,557
Operating costs	3	<u>(2,011)</u>	<u>(1,557)</u>
Operating surplus: continuing		-	-
Surplus on ordinary activities		<u>-</u>	<u>-</u>
Surplus for the financial year	20	<u>-</u>	<u>-</u>

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

Year ended 31 March 2011

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Surplus for the financial year	2,241	1,331	-	-
Unrealised surplus on revaluation of investments	-	125	-	-
Actuarial loss relating to the pension scheme	(34)	(275)	-	-
Total recognised surpluses and deficits for the year	<u>2,207</u>	<u>1,181</u>	<u>-</u>	<u>-</u>

WESTWARD HOUSING GROUP LIMITED

CONSOLIDATED BALANCE SHEET At 31 March 2011

	Note	2011 £ 000	2010 £ 000
Tangible fixed assets			
Housing properties	9	271,979	248,424
Social housing grant	9	(149,060)	(143,348)
		<u>122,919</u>	<u>105,076</u>
Other fixed assets	10	2,358	2,030
		<u>125,277</u>	<u>107,106</u>
Investments	11	1,496	1,496
		<u>126,773</u>	<u>108,602</u>
Current assets			
Properties for sale	13	2,837	1,515
Debtors	14	3,776	2,904
Investments	15	655	2,655
Cash at bank and in hand		4,251	6,266
		<u>11,519</u>	<u>13,340</u>
Creditors: Amounts falling due within one year	16	(7,196)	(5,197)
Net current assets		<u>4,323</u>	<u>8,143</u>
Total assets less current liabilities		<u>131,096</u>	<u>116,745</u>
Creditors: Amounts falling due after more than one year			
	17	95,322	83,348
Pension scheme deficit	7	1,011	1,144
		<u>96,333</u>	<u>84,492</u>
Capital and reserves			
Share capital	19	-	-
Revaluation reserve	20	250	456
Designated reserve	20	8,944	8,788
Negative goodwill	20	303	-
Revenue reserve	20	25,266	23,009
Consolidated funds		<u>34,763</u>	<u>32,253</u>
		<u>131,096</u>	<u>116,745</u>

The financial statements were approved by the Board on 4 August 2011 and signed on its behalf by:

P Cowling
Chair

Board Member

Board Member

WESTWARD HOUSING GROUP LIMITED

ASSOCIATION BALANCE SHEET

At 31 March 2011

	Note	2011 £ 000	2010 £ 000
Tangible fixed assets			
Other fixed assets	10	830	493
Current assets			
Debtors	14	2,317	314
Cash at bank and in hand		148	33
		<u>2,465</u>	<u>347</u>
Creditors: Amounts falling due within one year	16	<u>(3,295)</u>	<u>(840)</u>
Net current liabilities		<u>(830)</u>	<u>(493)</u>
Total assets less current liabilities		<u>-</u>	<u>-</u>
Capital and reserves			
Non-equity share capital	19	-	-
Revenue reserve	20	-	-
Association's funds		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

The financial statements were approved by the Board on 4 August 2011 and signed on its behalf by:

P Cowling
Chair

Board Member

Board Member

WESTWARD HOUSING GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2011

	Note	2011 £ 000	2010 £ 000
Net cash inflow from operating activities	22	6,697	4,676
Returns on investments and servicing of finance	23	(3,557)	(3,522)
Capital expenditure	23	<u>(19,285)</u>	<u>(5,862)</u>
Net cash outflow before management of liquid resources and financing		(16,145)	(4,708)
Net cash received from transfer of trade and assets		147	-
Management of liquid resources	23	2,000	(2,000)
Financing	23	11,983	9,000
(Decrease)/Increase in cash	24	<u><u>(2,015)</u></u>	<u><u>2,292</u></u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

I ACCOUNTING POLICIES

Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is registered with the TSA as a housing provider.

Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practise: Accounting for registered social landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006.

The financial statements are prepared on a going concern basis and under the historical cost convention and have been consistently applied from one financial year to the next.

Going Concern

Westward Housing Group has sufficient financial resources based on forecasts and current expectations of future sector conditions. As a consequence, the directors believe that Westward are well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors therefore have a reasonable expectation that Westward has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March using acquisition accounting.

Turnover

Turnover comprises;

- a) rental income receivable in the year from tenants and leaseholders;
- b) other services included at the invoiced value (excluding VAT) of goods and services supplied in the year
- c) revenue grants; and
- d) first tranche sales income on shared ownership properties. Income from first tranche sales is recognised at the point of legal completion of the sale.

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 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.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

I ACCOUNTING POLICIES (CONTINUED)

Pensions

The Group participates in two defined benefit final salary multi-employer pension schemes, the Social Housing Pension Scheme (SHPS) and the Devon County Council Pension Fund (DCCPF).

For the SHPS, it is not possible to identify the share of assets and liabilities belonging to individual participating employers. Due to the nature of the scheme, therefore, the charge to the income and expenditure account under Financial Reporting Standard 17 “Retirement Benefits” reflects the employer contributions payable to the scheme in respect of the accounting period.

For the DCCPF, 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 period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account and other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Taxation

The Group has charitable status and is therefore exempt from U.K. Corporation Tax.

Housing properties

Housing properties are principally properties available for rent or let under shared ownership leases and are stated at cost less social housing grant and depreciation. 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 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. Land donated by local authorities and others is added to the cost at the market value of the land at the time of the donation.

Shared ownership properties are split proportionately 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 and impairment. Sales of subsequent tranches are treated as fixed asset disposals.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

I ACCOUNTING POLICIES (CONTINUED)

Depreciation of housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less a proportion of SHG and other grants less residual value (being the actual or estimated open market value of the land at the date of purchase). The housing properties are depreciated at the following rates:

Houses	- New Build	1% (100 years)	Flats-	New Build	1.1% (90 years)
	- Rehab	1.3% (80 years)		Rehab	1.4% (70 years)

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, in accordance with Financial Reporting Standard 11 "Impairment of fixed assets and goodwill" and the Statement of Recommended Practice (Update 2008), subject to impairment reviews annually. Other assets will be 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 amounts. Any such write down would be charged to operating surplus 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.

Social housing grant

Social housing grant (SHG) is receivable from the Homes and Communities Agency (formerly the Housing Corporation) and is utilised to reduce the capital costs of housing properties, including land costs. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. SHG due from the Homes and Communities Agency 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.

Where, following the sale of a property, SHG becomes repayable or is recycled and used to partly finance additional properties, it is included as a current liability until it is repaid or recycled. SHG is subordinated in respect of loans by agreement with the Homes and Communities Agency.

Other grants

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

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

I ACCOUNTING POLICIES (CONTINUED)

Capitalisation of interest

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 Group as a whole after deduction of interest on SHG in advance to the extent that they have been deemed to be financing the development programme.

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

Other tangible fixed assets and depreciation

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 buildings	2%
Furniture, fixtures, fittings and equipment	20%
Computer hardware and software	20%
Motor vehicles	25%
Service assets	20%
Alarm equipment	33%

Investment properties

The value of investment properties are reviewed internally every year and revalued by external valuers every 3 years. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the income and expenditure account. Depreciation is not provided in respect of freehold investment properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under Statement of Standard Accounting Practice 19 "Accounting for investment properties".

Investments

Investments are bonds held by National Westminster Bank plc for the past pension deficit of the Devon CC pension fund and the past pension deficit of the Social Housing Pension Scheme for staff transferring from Westcountry Housing into Westward Housing Group Limited.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

I ACCOUNTING POLICIES (CONTINUED)

Major repairs reserve

The Group has a continuing programme of major repairs and costs are charged to the income and expenditure account in the year they are incurred. Reserves have been established to recognise the future cost of major repairs to the structure of housing properties not eligible for social housing grant.

Value added tax

The Group is VAT registered but a large proportion of its income, rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is shown as part of turnover in the income and expenditure account. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

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 in income.

Properties for sale

Shared Ownership first tranche properties for sale are valued as 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 prices after allowing for all further costs of completion and disposal.

Work in progress on shared ownership properties at the end of the financial year is disclosed as a current asset.

Supporting People

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Leased Assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

I ACCOUNTING POLICIES (CONTINUED)

Maintenance, repairs and improvements

The Association capitalises improvements to housing properties which add to their value by:

- extending their useful life; or
- reducing future maintenance costs.

Depreciation is calculated annually following completion on each individual contract, on a straight line basis over a period of 70 to 100 years.

Major repairs to related assets, such as communal areas or the external environment, are capitalised when they contribute to an increase in net rental income or a reduction in future maintenance costs.

Negative Goodwill

Negative goodwill arising on business combinations in respect of acquisitions since 1 January 1998 is included within reserves in accordance with SORP 2008 and released to the income and expenditure account in the periods in which the fair value of non monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS Group

	2011			2010		
	Turnover	Operating Costs	Operating Surplus/ (deficit)	Turnover	Operating Costs	Operating Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings (note 3)	23,383	(18,636)	4,747	22,228	(18,408)	3,820
Other social housing activities						
Supporting people contract income	3,600	(3,688)	(88)	3,366	(3,206)	160
Development department costs not capitalised	-	(72)	(72)	-	(354)	(354)
Homebuy agency	1,242	(581)	661	909	(501)	408
First tranche sales proceeds	1,191	(790)	401	1,436	(1,309)	127
Negative goodwill arising on transfer of CPND	133	-	133	-	-	-
Other	177	(384)	(207)	78	(85)	(7)
	<u>6,343</u>	<u>(5,515)</u>	<u>828</u>	<u>5,789</u>	<u>(5,455)</u>	<u>334</u>
Non-social housing activities						
Lettings	25	-	25	25	-	25
Other	266	(262)	4	141	(124)	17
	<u>291</u>	<u>(262)</u>	<u>29</u>	<u>166</u>	<u>(124)</u>	<u>42</u>
Total	<u>30,017</u>	<u>(24,413)</u>	<u>5,604</u>	<u>28,183</u>	<u>(23,987)</u>	<u>4,196</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Association

	2011			2010		
	Turnover £000	Operating Costs £000	Operating Surplus £000	Turnover £000	Operating Costs £000	Operating Surplus £000
Social housing lettings	-	-	-	-	-	-
Other social housing activities						
Management Services	2,011	(2,011)	-	1,557	(1,557)	-
Total	<u>2,011</u>	<u>(2,011)</u>	<u>-</u>	<u>1,557</u>	<u>(1,557)</u>	<u>-</u>

Management charges are made by the Group to both subsidiaries for the provision of corporate services.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

3 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL HOUSING LETTINGS Group

	General housing	Housing for older people	Supported housing	Shared ownership	Managed housing	2011 Total	2010 Total
	£000	£000	£000	£000	£000	£000	£000
Turnover from social housing lettings							
Rent receivable, net of identifiable service charges	13,935	3,567	919	1,639	-	20,060	19,403
Charges for support services	-	572	199	34	30	835	632
Service charges receivable	785	520	755	316	112	2,488	2,193
Turnover from social housing lettings	<u>14,720</u>	<u>4,659</u>	<u>1,873</u>	<u>1,989</u>	<u>142</u>	<u>23,383</u>	<u>22,228</u>
Expenditure on social housing lettings							
Services	(777)	(700)	(642)	(254)	(103)	(2,476)	(2,172)
Management	(2,269)	(659)	(484)	(117)	-	(3,529)	(3,683)
Support	-	(453)	(187)	(29)	(24)	(693)	(780)
Routine maintenance	(3,158)	(964)	(222)	-	-	(4,344)	(3,347)
Planned maintenance	(399)	(113)	(42)	-	-	(554)	(1,096)
Major repair expenditure	(4,141)	(1,286)	(277)	-	-	(5,704)	(6,017)
Bad debts	(69)	(12)	(13)	-	-	(94)	(34)
Depreciation of housing properties	(884)	(65)	(62)	(145)	-	(1,156)	(1,038)
Impairment of housing properties	(86)	-	-	-	-	(86)	(241)
Operating costs on social housing lettings	<u>(11,783)</u>	<u>(4,252)</u>	<u>(1,929)</u>	<u>(545)</u>	<u>(127)</u>	<u>(18,636)</u>	<u>(18,408)</u>
Operating surplus/(deficit) on social housing lettings	<u>2,937</u>	<u>407</u>	<u>(56)</u>	<u>1,444</u>	<u>15</u>	<u>4,747</u>	<u>3,820</u>
Voids	<u>(199)</u>	<u>(53)</u>	<u>(96)</u>	<u>(6)</u>	<u>-</u>	<u>(354)</u>	<u>(395)</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

4 OPERATING SURPLUS

This is arrived at after charging/(crediting):

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Depreciation of housing properties	1,155	1,037	-	-
Impairment of housing properties	86	241	-	-
Depreciation of other tangible fixed assets	318	209	140	45
(Surplus)/Deficit on disposal of other tangible fixed assets	(8)	32	-	-
Exceptional pension credit	(285)	-	-	-
Auditors' remuneration (including VAT)				
- for external audit services	28	20	5	3
- for internal audit services:	24	20	12	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5 INTEREST RECEIVABLE AND OTHER INCOME

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Income from cash deposits	16	7	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Interest on loans	3,995	3,889	-	-
Interest payable capitalised on housing properties under construction	(278)	(353)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>3,717</u>	<u>3,536</u>		-

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES

Average monthly number of employees expressed in full time equivalents:

	Group		Association	
	2011 No.	2010 No.	2011 No.	2010 No.
Office staff	143	137	42	32
Scheme managers, tradesmen and project based staff	215	195	-	-
	<u>358</u>	<u>332</u>	<u>42</u>	<u>32</u>

Employee costs:

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £000	2010 £ 000
Wages and salaries	7,855	7,034	1,361	897
Social security costs	588	548	107	73
Other pension costs	622	624	156	114
Exceptional pension credit	(285)	-	-	-
	<u>8,780</u>	<u>8,206</u>	<u>1,624</u>	<u>1,084</u>

The Group's employees are members of the Social Housing Pension Scheme (SHPS) or Devon County Council Pension Fund (DCCPF). Further information on each scheme is given below.

Social Housing Pension Scheme

Westward Housing Group Ltd participates in the Social Housing Pension Scheme (SHPS). The scheme is funded and is contracted out of the state pension 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 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

Final salary with a 1/60th accrual rate

Final salary with a 1/70th accrual rate

Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

Final salary with a 1/80th accrual rate

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES (CONTINUED)

Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members 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.

Westward Housing Group Ltd has operated the final salary with a 1/60th accrual rate benefit structure for active members as at 1st April 2007 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1st April 2007. 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 Westward Housing Group Ltd paid contributions at the rate of 7.5% and 5.8% / 4% for the final salary and 1/60th / 1/80th for the final salary and career average schemes respectively. Member contributions vary between 6.3% and 10.7%. As at the balance sheet date there were 6 active members of the Scheme employed by Westward Housing Group Ltd. The annual pensionable payroll of these members was £375,347. Westward Housing Group Ltd continues to offer membership of the Scheme 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 scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The 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 with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES (CONTINUED)

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

Valuation discount rates	%pa
– Pre-retirement	7.8
– Non-pensioner post-retirement	6.2
– Pensioner post-retirement	5.6
– Pensionable earnings growth	4.7
– Price inflation	3.2
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 Fund (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% SIPA Year of Birth, long cohort projection, minimum improvement 1% pa

The long term joint contribution rates required from April 2010 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 th accrual rate	17.8
Final salary with a 1/70 th accrual rate	15.4
Career average revalued earnings with a 1/60 th accrual rate	14.9
Final salary with a 1/80 th accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80 th 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES (CONTINUED)

Following consideration of the results of the actuarial valuation it has been 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 in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 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 defined benefit section of the scheme to new entrants are required to pay an additional employer contribution loading of 3% 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 the SHPS scheme.

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 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 actuarial 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 2010. 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 £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

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 the 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.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES (CONTINUED)

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.

Devon County Council Pension Fund

Devon County Council Pension Fund ("the scheme") is a multi-employer scheme with more than one participating employer which is administered by the Devon County Council under the regulations governing the local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2010.

The employers contributions to the DCCPF by the Association for the year ended 31 March 2011 were £157,000 (2010: £196,000) at a contribution rate of 3% of pensionable salaries set out until the next funding valuation at 31 March 2010.

Estimated employer contribution to the DCCPF during the accounting period commencing 1 April 2011 are £144,000.

Financial assumptions

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

	2011	2010	2009	2008
	% per	% per	% per	% per
	annum	annum	annum	annum
RPI Increase	3.5	3.9	3.6	3.7
CPI Increase	2.7	n/a	n/a	n/a
Rate of increase in salaries	5.0	5.4	5.1	5.2
Rate of increase in pensions in payment	2.7	3.9	3.6	3.7
Discount rate	5.5	5.5	6.5	6.8

Post retirement mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2011 and March 2010 are consistent with those used for the formal funding valuation as at 31 March 2010. The post retirement mortality tables are 85% SIPA Heavy tables allowing for medium cohort projection, with a minimum 1% improvement for future life expectancies.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES (CONTINUED)

Males	2011 Years	2010 Years
Future lifetime from age 65 (currently aged 65)	20.3	23.1
Future lifetime from age 65 (currently aged 45)	22.4	25.4

Females	2011 Years	2010 Years
Future lifetime from age 65 (currently aged 65)	24.4	25.0
Future lifetime from age 65 (currently aged 45)	26.3	27.3

Expected return on assets

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2010 to 31 March 2011). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

	1 April 2011	1 April 2010	1 April 2009	1 April 2008
	% pa	% pa	% pa	% pa
Equities	7.4	7.5	7.0	7.6
Gilts	4.4	4.5	4.0	4.6
Bonds	5.5	5.5	5.8	6.8
Properties	5.4	6.5	6.0	6.6
Cash	3.0	3.0	1.6	6.0

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

	2011	2010	2009
	%	%	%
Equities	70	69	52
Gilts	17	17	22
Bonds	-	-	1
Properties	5	6	8
Cash	7	7	17

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES (CONTINUED)

Reconciliation of funded status to balance sheet

	2011 £000	2010 £000
Notional value of assets	2,119	1,890
Present value of liabilities	(3,130)	(3,034)
Net pension liability	<u>(1,011)</u>	<u>(1,144)</u>

Analysis of Income and Expenditure charge

	2011 £000	2010 £000
Current service cost	171	70
Past service cost	(285)	-
Interest cost	198	143
Expected return on assets	(124)	(71)
Loss on curtailments and settlements	-	28
Expense recognised	<u>(40)</u>	<u>170</u>

Of the above amount £114,000 was credited to operating surplus and (£74,000) (2010: £72,000) was charged to other finance costs. The capitalised gain shown in past service costs is due to the change in pension increase policy from RPI to CPI. This is calculated at £285,000.

Changes to the present value of liabilities during the accounting period

	2011 £000	2010 £000
Opening present value of liabilities	3,034	2,174
Current service cost	171	70
Interest cost	198	143
Contributions by participants	46	49
Past Service costs	(285)	-
Actuarial losses on liabilities	(21)	634
Net benefits paid out	(13)	(64)
Losses on curtailments	-	28
Closing present value of liabilities	<u>3,130</u>	<u>3,034</u>

Changes to the fair value of assets during the accounting period

	2011 £000	2010 £000
Opening fair value of assets	1,860	1,249
Expected return on assets	124	71
Actuarial gains/(losses) on assets	(55)	359
Contributions by employer	157	226
Contributions by participants	46	49
Net benefits paid out	(13)	(64)
Closing fair value of assets	<u>2,119</u>	<u>1,890</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

7 EMPLOYEES (CONTINUED)

Actual return on assets

	2011 £000	2010 £000
Expected return on assets	124	71
Actuarial gain / (loss) on assets	(55)	359
Actual return on assets	<u>69</u>	<u>430</u>

Analysis of amount recognised in statement of recognised surpluses and deficits (STRSD)

	2011 £000	2010 £000
Total actuarial losses	<u>(34)</u>	<u>(275)</u>

8 BOARD MEMBERS AND EXECUTIVE DIRECTORS

	2011 £ 000	2010 £ 000
Emoluments of the Association's executive directors excluding pension contributions but including benefits in kind	263	197
Pension costs of the Group's executive directors	16	35
	<u>279</u>	<u>232</u>
Emoluments of the Chief Executive, who was also the highest paid director, excluding pension contributions but including benefits in kind	109	109
Pension costs of the Chief Executive	6	15
	<u>115</u>	<u>124</u>
Emoluments of the subsidiary executive directors excluding pension contributions but including benefits in kind	229	299
Pension costs of the subsidiary executive directors	15	31
	<u>244</u>	<u>330</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

8 BOARD MEMBERS AND EXECUTIVE DIRECTORS (CONTINUED)

	2011 No.	2010 No.
The emoluments of the Board members, also exclusive of pension contributions and Social Security costs, were in the following ranges:		
£0	13	12
£1 - £5,000	17	16
£5,001 - £10,000	2	2

	2011 No.	2010 No.
The emoluments of the Westward executive officers, also exclusive of pension contributions and Social Security costs, were in the following ranges:		
£65,001 - £70,000	2	-
£85,001 - £90,000	-	1
£105,001 - £110,000	1	1

	2011 No.	2010 No.
The emoluments of the subsidiary executive officers, also exclusive of pension contributions and Social Security costs, were in the following ranges:		
£70,001-£75,000	1	2
£75,001- £80,000	1	1
£80,001-£85,000	1	1

Expenses paid during the year to Board members and executive directors of the Association amounted to £12,892 (2010: £11,173).

The executive directors are members of the defined benefit pension scheme. They participate in the scheme on the same terms as all other eligible staff and no enhanced or special terms apply.

No payments or benefits, other than those permitted, were made to any Board members or executive directors.

Name	£
P Cowling	10,000
L Smith	5,000
J Bayliss	4,000
D Bowen	4,000
K Evans	4,000
S Worden	3,000

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

8 BOARD MEMBERS AND EXECUTIVE DIRECTORS (CONTINUED)

Subsidiary board members of Westcountry Housing Association are paid by the subsidiaries as follows:

Name	£
M Winwood	3,684
I McDougall	5,634
J Cleave	3,000
J Ballantyne	4,000
T Warn	914
C Eccles	3,000
M Fine	3,000
G Buck	3,000
R Sigsworth	3,000
R Day	3,000
M Scott-Tucker	3,000
R Evans	3,000
J Felix-Mitchell	3,000

The membership of the corporate executive team of Westward Housing Group is noted on page 4. The costs of the team members are allocated to Westward Housing Group, Tarka or Westcountry Housing Associations as follows:

Chief Executive	Westward Housing Group Ltd
Finance Director	Westward Housing Group Ltd
Managing Director (Tarka)	Tarka Housing Limited
Managing Director (Westcountry)	Westcountry Housing Association Ltd
Supported Housing Director	Westcountry Housing Association Ltd
Investment & Procurement Director	Westward Housing Group Ltd (2010: Westcountry Housing Association Ltd)

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

9 TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group	Housing properties held for letting	Housing properties under construction	Completed shared ownership properties	Shared ownership properties under construction	Short life properties completed	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2010	206,805	13,350	33,409	994	1,092	255,650
Schemes completed in year	21,739	(21,739)	1,303	(1,303)	-	-
Additions	331	21,773	390	2,230	-	24,724
Works to existing properties	93	-	-	-	-	93
Disposals	(1)	-	(306)	-	-	(307)
Interest capitalised	203	7	51	17	-	278
At 31 March 2011	<u>229,170</u>	<u>13,391</u>	<u>34,847</u>	<u>1,938</u>	<u>1,092</u>	<u>280,438</u>
Depreciation						
At 1 April 2010	6,103	-	867	-	256	7,226
Depreciation charge for year	1,010	-	145	-	-	1,155
Impairment charge for year	86	-	-	-	-	86
Disposals	-	-	(8)	-	-	(8)
At 31 March 2011	<u>7,199</u>	<u>-</u>	<u>1,004</u>	<u>-</u>	<u>256</u>	<u>8,459</u>
Cost less depreciation						
At 31 March 2011	<u>221,971</u>	<u>13,391</u>	<u>33,843</u>	<u>1,938</u>	<u>836</u>	<u>271,979</u>
At 31 March 2010	<u>200,702</u>	<u>13,350</u>	<u>32,542</u>	<u>994</u>	<u>836</u>	<u>248,424</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

9 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (CONTINUED)

Group	Housing properties held for letting	Housing properties under construction	Completed shared ownership properties	Shared ownership properties under construction	Short life properties completed	Total
	£000	£000	£000	£000	£000	£000
SHG & Other public subsidy						
At 1 April 2010	116,526	8,571	16,853	562	836	143,348
Schemes completed in year	9,587	(9,587)	578	(578)	-	-
Additions	-	5,552	-	486	-	6,038
Repayments/abatements	(181)	-	(145)	-	-	(326)
At 31 March 2011	<u>125,932</u>	<u>4,536</u>	<u>17,286</u>	<u>470</u>	<u>836</u>	<u>149,060</u>
				2011	2010	
				£000	£000	
Net book value of all properties						
Freehold land and buildings				119,532	101,588	
Long leasehold land and buildings				3,387	3,488	
Short life properties				-	-	
				<u>122,919</u>	<u>105,076</u>	

Direct costs relating to development administration capitalised in the year amounted to £493,308 (2010: £457,622)

Interest has been capitalised at the rate of 4.27% (2010: 4.57%)

Interest totalling £278,000 has been capitalised this year, compared with £353,000 in 2010.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

9 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (CONTINUED)

Works to existing properties

	2011	2010
	£000	£000
Amounts capitalised	93	371
Amounts charged to income and expenditure account	5,704	6,017
	<u>5,797</u>	<u>6,388</u>

Impairment

An impairment provision totalling £85,585 was made in March 2011 to reduce the carrying value of land at Denners Way, Uffculme, to its value in use, being the estimated recoverable amount.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

10 TANGIBLE FIXED ASSETS - OTHER

Group

	Investment property	Freehold offices	Leasehold offices	Service assets	Furniture, fittings, fixtures & equipment	Computer hardware & software	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2010	400	935	27	600	305	1,538	50	3,855
Additions	-	5	-	53	81	487	27	653
Transfer	-	-	-	(1)	1	-	-	-
Disposals	-	-	-	-	-	-	(21)	(21)
At 31 March 2011	400	940	27	652	387	2,025	56	4,487
Depreciation								
At 1 April 2010	-	119	6	490	172	997	41	1,825
Charged in year	-	14	1	52	45	178	28	318
Disposals	-	-	-	-	-	-	(14)	(14)
At 31 March 2011	-	133	7	542	217	1,175	55	2,129
Net Book Value								
At 31 March 2011	400	807	20	110	170	850	1	2,358
At 31 March 2010	400	816	21	110	133	541	9	2,030

Investment property

The property at 13 Castle Road, Torquay has been included at a valuation of £400,000. This valuation has been undertaken by Mr. A. Herridge BA MRICS, Ridge Property Consulting Ltd as at 28 August 2009, on a freehold open market value basis subject to the existing lease in favour of West of England Language Services Limited. The property is revalued by an independent valuer every 3 years.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

10 TANGIBLE FIXED ASSETS - OTHER (CONTINUED)

Association

	Furniture, fittings, fixtures & equipment	Computer hardware & software	Total
	£000	£000	£000
Cost or Valuation			
At 1 April 2010	62	482	544
Additions	4	473	477
	<u>66</u>	<u>955</u>	<u>1,021</u>
At 31 March 2011	<u>66</u>	<u>955</u>	<u>1,021</u>
Depreciation			
At 1 April 2010	1	50	51
Charged in year	13	127	140
	<u>14</u>	<u>177</u>	<u>191</u>
At 31 March 2011	<u>14</u>	<u>177</u>	<u>191</u>
Net Book Value			
At 31 March 2011	<u>52</u>	<u>778</u>	<u>830</u>
At 31 March 2010	<u>61</u>	<u>432</u>	<u>493</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

11 TANGIBLE FIXED ASSETS - INVESTMENTS

Group

	Fixed rate bonds £ 000
At 1 April 2010 and 31 March 2011	<u>1,496</u>

The fixed bonds are held by National Westminster Bank Plc as security for the past pension deficits of the Devon County Council pension fund and, the Staff Pension Scheme for members who have transferred from Westcountry Housing into the Westward group.

12 GOODWILL

Group

On 2nd August 2010 the trade and assets of Community Project North Devon (CPND) were transferred for nil consideration to Westcountry Housing Limited. At that date CPND ceased trading. The net assets acquired and consideration was paid is set out below.

	Book Value	Fair Value Adjustment	Fair Value
	£000	£000	£000
Fixed assets			
Tangible	314	-	314
Current assets			
Stock	5	-	5
Debtors	17	-	17
Cash	147	-	147
	<hr/>	<hr/>	<hr/>
Total assets	483	-	483
	<hr/>	<hr/>	<hr/>
Other creditors	(47)	-	(47)
	<hr/>	<hr/>	<hr/>
Net assets	436		436
			<hr/>
Net assets acquired	436	-	436
Negative goodwill			(436)
			<hr/>
Purchase consideration			-
			<hr/>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

GOODWILL (CONTINUED)

The negative goodwill of the non monetary asset is being amortised over 20 years. Monetary assets of £122k have been recognised in the I&E on transfer.

	Negative Goodwill
	£000
Cost	
Additions	436
Taken to revenue on transfer	(122)
	<hr/>
	314
Amortisation	
Credit for year	(11)
	<hr/>
At end of year	(11)
	<hr/>
Net book value	
At 31 March 2011	303
	<hr/> <hr/>
At 31 March 2010	-
	<hr/> <hr/>

13 PROPERTY FOR SALE

	2011	2010
	£000	£000
Properties under construction	992	622
Properties completed and held for sale	1,845	893
	<hr/>	<hr/>
	2,837	1,515
	<hr/> <hr/>	<hr/> <hr/>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

14 DEBTORS

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £ 000	2010 £ 000
Due within one year				
Rent and service charges receivable	771	647	-	-
Tenants other debts	40	35	-	-
Less: Provision for bad and doubtful debts	(215)	(173)	-	-
	<u>596</u>	<u>509</u>	<u>-</u>	<u>-</u>
Social housing grant receivable	327	-	-	-
Other debtors	2,778	2,337	189	63
Due from group undertakings	-	-	2,127	248
Loans to employees	75	58	1	3
	<u>3,776</u>	<u>2,904</u>	<u>2,317</u>	<u>314</u>

Loans to Westward Housing Group employees totalling £771 (2010: £2,621) have been made to 1 employee (2010:2) and are repayable over terms of up to five years, on variable rates of interest linked to the bank base rate at the time of the loan.

Loans to Westcountry Housing Association employees totalling £74,087 (2010: £54,758) have been made to 21 employees (2010:15) and are repayable over terms of up to five years, on variable rates of interest linked to the bank base rate at the time of the loan.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

15 CURRENT ASSET INVESTMENTS

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £000	2010 £ 000
Balances held on deposit with banks and building societies	655	2,655	-	-
	655	2,655	-	-

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2011 £000	2010 £000	2011 £000	2010 £ 000
Housing loans (see note 17)	88	79	-	-
Accrued interest payable	782	637	-	-
Rent and service charges received in advance	393	324	-	-
Retentions	801	555	-	-
Trade creditors	1,723	964	-	-
Amounts owed to group undertakings	-	-	3,077	686
Other taxation and social security	28	26	-	-
Other creditors	2,851	1,994	218	154
Recycled capital grant – within one year (note 25)	530	618	-	-
	7,196	5,197	3,295	840

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2011 £000	2010 £000	2011 £000	2010 £ 000
Housing loans (note 17)	95,322	83,348	-	-

18 HOUSING LOANS ANALYSIS

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £000	2010 £ 000
Due within one year				
Bank loans	88	79	-	-
	<u>88</u>	<u>79</u>	<u>-</u>	<u>-</u>

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £000	2010 £ 000
Due after more than one year				
Bank loans	57,552	45,482	-	-
The Housing Finance Corporation Ltd	37,770	37,866	-	-
	<u>95,322</u>	<u>83,348</u>	<u>-</u>	<u>-</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

18 HOUSING LOANS ANALYSIS (CONTINUED)

	Group		Association	
	2011 £ 000	2010 £ 000	2011 £000	2010 £ 000
Within one year	88	79	-	-
Between one and two years	288	90	-	-
Between two and five years	2,369	334	-	-
After five years	92,665	82,924	-	-
	<u>95,410</u>	<u>83,427</u>	<u>-</u>	<u>-</u>

As a non-asset holding parent, Westward Housing Group does not have any borrowings. The consolidated loans relate to the borrowings of Westcountry Housing Association as described below.

Westcountry Housing Association loan portfolio:

Loans originally from The Housing Corporation have been assigned to the National Westminster Bank PLC group of companies. Before assignment the Association consolidated all of its Housing Corporation loans to one loan with a consolidated fixed interest rate of 11.227% and a final repayment date during the year 2030. These loans together with loans from banks are secured by fixed charges on individual properties.

Loans acquired through the acquisition of Uffculme Housing Trust and stock transferred from New Era Housing, are from National Westminster Bank PLC group of companies after assignment to them by the Housing Corporation. The loans are included in bank loans. They are secured by fixed charges on individual properties and are repaid in half yearly instalments at fixed rates of interest ranging from 10.375% to 15.00%. Final instalments fall in the period 2009 to 2046.

The Housing Finance Corporation (THFC) loan of £37m (nominal) was issued at a premium of £0.866m. The premium is included within loans and is charged back to the income and expenditure account over the term of the loan. The loan is secured by fixed charges on individual properties and has an effective fixed interest rate of 4.97%. Interest repayments are made half yearly with a final repayment date of 2035.

Loans with Santander (formerly Abbey National) are included in bank loans at £30.898m. These loans are variable rate with options to fix all or part of each loan. They are secured by fixed charges on individual properties and interest is paid on maturity of each interest period. The final repayment is 2035.

Loans with Barclays Capital are included in bank loans at £11m. These loans are variable rate with options to fix all or part of each loan. They are secured by fixed charges on individual properties and interest is paid on maturity of each interest period. The final repayment is 2032.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

19 SHARE CAPITAL

	2011 £	2010 £
Shares of £1 each issued and fully paid		
At 1 April	12	11
Shares issued in year	1	3
Shares surrendered in year	(1)	(2)
At 31 March	<u>12</u>	<u>12</u>

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

20 RESERVES

Group	Revaluation Reserve	Designated and Major Repairs Reserve	Revenue Reserve	Negative Goodwill	Total Reserves
	£ 000	£ 000	£ 000	£000	£ 000
At 1 April 2010	456	8,788	23,009	-	32,253
Surplus for the year	-	-	2,241	-	2,241
Actuarial loss relating to pension scheme	-	-	(34)	-	(34)
Transfers from reserves	(206)	156	50		-
Additions during the year	-	-	-	303	303
At 31 March 2011	<u>250</u>	<u>8,944</u>	<u>25,266</u>	<u>303</u>	<u>34,763</u>

The transfer from the revaluation reserve to the revenue reserve of £2,600 related to the historic balance held on long term investments that were paid out in 2007.

Association	Revenue Reserve	Total Reserves
	£ 000	£ 000
At 1 April 2010	-	-
Surplus for the year	-	-
At 31 March 2011	<u>-</u>	<u>-</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

21 FINANCIAL COMMITMENTS

The group capital expenditure commitments are as follows:

	2011 £ 000	2010 £ 000
Capital commitments		
Expenditure contracted for but not provided for in the accounts	10,144	21,659

22 CONSOLIDATED RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £ 000	2010 £ 000
Operating surplus	5,604	4,068
Depreciation of tangible fixed assets	1,473	1,246
Impairment of tangible fixed assets	86	241
Amortisation of negative goodwill	(133)	
(Surplus)/Loss on disposal of other tangible fixed assets	(8)	32
	<u>7,022</u>	<u>5,587</u>
Working capital movements		
Housing Properties for sale	(1,316)	632
Debtors	(334)	(2,415)
Creditors	1,561	872
Movement in pension liability	(236)	-
Net cash inflow from operating activities	<u>6,697</u>	<u>4,676</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

23 CONSOLIDATED GROSS CASH FLOWS

	2011	2010
	£ 000	£ 000
Returns on investments and servicing of financing		
Interest received	134	98
Interest paid	(3,691)	(3,620)
	<u>(3,557)</u>	<u>(3,522)</u>
Capital expenditure and financial investment		
Acquisition and construction of housing properties	(24,777)	(19,908)
Purchase of other fixed assets	(653)	(559)
Capital grants received	5,384	13,328
Sales of housing properties	746	1,261
Sales of other fixed assets	15	16
	<u>(19,285)</u>	<u>(5,862)</u>
Management of liquid resources		
Movement in deposits and fixed term deposits	2,000	(2,000)
Financing		
Loan advances received	12,132	9,000
Loan principal repayments	(149)	-
	<u>11,983</u>	<u>9,000</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

24 CONSOLIDATED ANALYSIS OF CHANGES IN NET DEBT

	1 April 2010 £ 000	Cashflows £ 000	Non-cash movement £ 000	31 March 2011 £ 000
Cash in hand and at bank	6,266	(2,015)	1	4,251
Current asset investments	2,655	(2,000)	-	655
Debt due within 1 year	(79)	(9)	-	(88)
Debt due after 1 year	(83,348)	(11,974)	-	(95,322)
Total	<u>(74,506)</u>	<u>(15,998)</u>	<u>-</u>	<u>(90,504)</u>

	2011 £ 000	2010 £ 000
Reconciliation of net cash flow to movement in net debt		
(Decrease)/Increase in cash in year	(2,015)	2,292
Cash flow from (increase)/decrease in liquid resources	(2,000)	2,000
Cash received from loan advances	(12,132)	(9,000)
Cash to repay loan principals	149	-
Non-cash movement	<u>-</u>	<u>(819)</u>
Change in net debt	(15,998)	(5,527)
Net debt at 1 April	(74,506)	(68,979)
Net debt at 31 March	<u>(90,504)</u>	<u>(74,506)</u>

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

25 GROUP HOUSING STOCK

Westward Housing Group as a non-asset holding parent does not hold any housing stock. The consolidated number of units of housing under development and in management, in which the subsidiaries of the Group retains some equity, at 31 March 2011 was:

	Units under development		Units in management	
	2011	2010	2011	2010
Housing for letting	140	216	4,922	4,791
Shared ownership	30	37	978	943
Leasehold schemes for the elderly	-	-	75	75
Supported housing bedspaces	-	-	537	542
Total	170	253	6,512	6,351

In addition the subsidiaries of the Group manage the following units

	2011	2010
Private Sector Leasing	30	74
Managed schemes	111	111
Right to buy units	206	208
Shops	3	3
Total	350	396

26 GROUP RECYCLED CAPITAL GRANT FUND

	2011 £ 000	2010 £ 000
At 1 April	618	609
Grants recycled	177	322
Interest accrued	3	3
Purchase/ development of properties	(268)	(316)
Balance at 31 March	530	618

The Recycled Capital Grant Fund is held at subsidiary level by Westcountry Housing Association.

WESTWARD HOUSING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

27 GROUP SURPLUS ON SALE OF PROPERTIES

	2011 £ 000	2010 £ 000
Proceeds of sale	898	1,292
Cost of sales	(486)	(556)
Surplus	<u>412</u>	<u>736</u>

28 OPERATING LEASES

	2011 £ 000	2010 £ 000
Annual operating lease charges by expiring date		
Within one year	48	40
One to five years	-	-

29 CONTINGENT LIABILITIES

There were no contingent liabilities for the year ended 31st March 2011.

30 POST BALANCE SHEET EVENTS

In May 2011 a wholly owned subsidiary was formed as a limited company called New Horizon Homes Limited for the purposes of trading in properties for outright sale.

31 RELATED PARTY TRANSACTIONS

The subsidiaries of the Group followed the standard lettings procedure for the tenant board members and the properties were let at usual rent levels.

During the year the transactions between Tarka Housing and Torridge District Council were within the definition of related parties under financial reporting standard 8. All transactions with Torridge District Council are on an arms length basis and under normal commercial terms.