Wokingham Housing Limited
Company Registration Number 07685172

Wokingham Housing Limited

Annual Report and the Financial Statements

For the Year Ended 31st March, 2015

TABLE OF CONTENTS

1. COMPANY INFORMATION

Directors:

A J Auty
D D Chopping
G Cowan
R E Fielder
K I McKenzie

Registered Office:

Civic Offices,
Shute End,
Wokingham,
Berkshire,
RG40 1BN.

Registered Number:

07685172 (England and Wales)

Senior Statutory Auditor:

Andrew Brookes FCA CF

Auditors:

Hazlewoods LLP,
Registered Auditors,
Windsor House,
Bayshill Road,
Cheltenham,
Gloucestershire,
GL50 3AT.

2. REPORT OF THE DIRECTORS for the year ended 31st March, 2015

Directors' Report

The Directors present their report with the financial statements of the company for the year ended 31st March, 2015.

Principal Activities

The main trading activity of Wokingham Housing Limited (WHL) is to provide a range of high quality affordable and market housing for the people of Wokingham Borough and beyond.

Directors

The Directors, who have held office during the year, are as follows:

Name	Date of Appointment	Date of Resignation
A J Auty	28th July, 2014	
G Cowan	12th July 2012	
D D Chopping	12th July, 2012	
R E Fielder	22nd April, 2013	
J Halsall	22nd April, 2013	28th July 2014
K I McKenzie	15th August, 2011	

All the Directors who are eligible offer themselves for re-election at the forthcoming Annual General Meeting. Eligibility for appointment to the Board is based on relevant commercial experience.

Statement of Going Concern

The Company's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its exposure to liquidity and cash flows have been considered by the Directors.

The Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;

- stated whether applicable IFRSs, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the on-going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure to Auditors

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Small Company Provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

By order of the Board:

WJFlood ....
W. J. Flood – Director

Date: ...28th September 2015

3. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOKINGHAM HOUSING LIMITED

We have audited the financial statements of Wokingham Housing Limited for the year ended 31 March 2015 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its Total Comprehensive Income for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the Director's Report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

....
Andrew Brookes FCA CF (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP,
Statutory Auditor,
Windsor House,
Bayshill Road,
Cheltenham,
Gloucestershire,
GL50 3AT.

Date: 2 October 2015

4. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretation as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, and are presented in Pounds Sterling.

The Company is a private limited company incorporated in England and Wales, and is a wholly owned subsidiary of Wokingham Borough Council which is required to prepare accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2014/2015 (the Code). Where possible the Company has selected accounting polices consistent with the Code, however where the Code is not applicable IFRS and IFRIC interpretations as adopted by the EU have been followed.

The company has taken advantage of the exemption provided by IFRS 10 not to prepare group accounts as it is included within the consolidated accounts of the Wokingham Group which are prepared under IFRS. These financial statements therefore cover the individual entity only.

A summary of the more important accounting policies is set out below.

4.1 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received. In particular:

4.1(a) Income

- Fees, charges and rents due from customers are accounted for as income at the date the Company provides the relevant goods or services;
- Revenue is measured at the fair value of the consideration received or receivable and recognised when prescribed conditions are met, which depend on the nature of the revenue;
- Where income has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Statement of Financial Position. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Where payments are received in advance of a service being provided a receipt in advance is recognised as a creditor in the Statement of Financial Position;
- Income is credited to the relevant revenue account, unless it properly represents capital receipts.

4.1(b) Expenditure

- Supplies and services are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Statement of Financial Position;
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Statement of Financial Position;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where expenditure has been recognised but cash has not been paid, a creditor for the relevant amount is recorded in the Statement of Financial Position;
- Where payments are made in advance of a service being received a payment in advance is recognised as a debtor in the Statement of Financial Position;
- Expenditure is debited to the relevant expense account, unless it properly represents capital expenditure.

4.2. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of less than 24 hours.

Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with little risk of change in value.

4.3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Adjustments applicable to prior years arising from changes in accounting policies are accounted for by restating the comparative figures for the preceding period and by adjusting opening balances as if the new policy had always been applied.

Changes in accounting estimates are accounted for in the current and future years affected by the change but do not give rise to a prior year adjustment.

Material errors are corrected retrospectively by restating the comparative figures for the preceding period and by adjusting the opening balances.

4.4. Financial Instruments

i. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Finance Costs section of the Comprehensive Income Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Company has, this means that the amount presented in the Statement of Financial Position is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income Statement is the amount payable for the year according to the loan agreement.

The Company does not issue bonds.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Finance Costs section of the Comprehensive Income Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income Statement is spread over the life of the loan by an adjustment to the effective interest rate.

ii. Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payment

a. Loans and Receivables

Loans and receivables are initially measured at fair value and are subsequently carried at their amortised cost. Annual credits to the Financing and Investment section of the Comprehensive Income Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Company has made, this means that the amount presented in the Statement of Financial Position is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of the asset are credited / debited to the Financing and Investment section of the Comprehensive Income Statement.

Where the Company may make loans at less than market rates, these are called soft loans. Due to the low value of advances made which may be considered as soft loans, the Company applies de mimimis principles to soft loans.

b. Available for Sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment section in the Comprehensive Income Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Comprehensive Income Statement when it becomes receivable by the Company.

Assets are maintained in the Statement of Financial Position at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets line in the Comprehensive Income Statement. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment section in the Comprehensive Income Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment section in the Comprehensive Income Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment section in the Comprehensive Income Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

4.5. Inventories and Long-Term Contracts

Inventories held by the Company will be included in the Statement of Financial Position at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

A long-term contract is 'A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or of a combination of assets or services which together constitute a single project) where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods'. Long-term contracts are charged to the Comprehensive Income Statement with the value of works and services received under the contract during the financial year and long-term capital contracts are charged on the basis of the valuation certificate.

4.6. Overheads and Support Services

Costs relating to finance and legal services for example are purchased as a supply and are part of the Company's operating costs.

4.7. VAT

VAT payable is included as an expense, only to the extent that it is irrecoverable. VAT receivable is excluded from income.

4.8. Corporation Tax

Corporation Tax is accounted for in the Comprehensive Income Statement on an accrued basis using an estimate of corporate tax liability for the year. Any losses are offset against future profits.

4.9. Employee Benefits

i. Benefits Payable During Employment

Short term employee benefits are those to be settled within 12 months of the year end, for example wages and salaries, paid annual and sick leave, bonuses and non-monetary benefits such as cars. They are charged to the accounts in the period within which the employees worked. An accrual is made for the cost of any leave earned but not taken before the year end and which can be carried forward by the employee into the next financial year. The accrual is made at the wages and salaries rate in the new financial year as that will be when the employee will benefit. The charge is made to the Comprehensive Income Statement.

ii. Termination Benefits

Amounts payable as a result of a decision by the Company to terminate an Employee's employment before the normal retirement date or an Employee's decision to accept voluntary redundancy are charged on an accruals basis to the Comprehensive Income Statement.

iii. Post-Employment Benefits

The Company pays into Stakeholder Schemes into which a Director and employee also contribute. The employee benefit expense is recognised as it falls due.

4.10. Government Grants and Contributions

Wokingham Borough Council prepares its accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2014/2015 (the Code). Its treatment of Government Grants requires them to be reversed out of the Comprehensive Income Statement so that it does not affect Council Tax calculations. WHL treatment differs from WBC's as it has followed IAS 20 which allows Government Grants to be deducted in arriving at the carrying amount of an asset. Within the Group consolidation by WBC, WHL's treatment is reversed to comply with the Code.

Whatever their basis of payment, government grants and other contributions or donations are accounted for on an accruals basis. Revenue grants are recognised in the Comprehensive Income Statement once the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Where conditions have not been satisfied, the grant or contribution is carried in the Statement of Financial Position as a creditor.

Capital grants are also carried as a creditor in the Statement of Financial Position where the conditions have not been satisfied. Once conditions are satisfied, they are presented in the Statement of Financial Position as a deduction in arriving at the carrying amount of the asset. Capital grants cannot be deferred to match against the depreciation of the underlying asset the grant was used for.
Donated assets transferred to the Company for nil consideration are recognised at fair value in the Comprehensive Income Statement once any conditions attaching to them have been met.

4.11. Charges to the Comprehensive Income Account for Non-Current Assets

The Comprehensive Income Account is charged with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the company.

- *revaluation and impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off*
- amortisation of intangible fixed assets

4.12. Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

i. **Recognition**

Items of PPE that qualify for recognition will be measured at cost and capitalised on an accruals basis. Cost is defined as either purchase price, costs attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by management or the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

ii. **De-Minimis**

Capitalisation of expenditure on PPE is not necessary where the amounts involved are not material to the true and fair presentation of the financial position and transactions of the Company and to an understanding of the Statement of Accounts by a reader. The Company has agreed a de-minimis level of £10,000 for expenditure to be capitalised.

iii. **Measurement**

Assets will be disclosed and valued on the Statement of Financial Position on the following bases:

Asset Category	**Valuation Method**
Assets under Construction	Depreciated Historic Cost
Infrastructure Assets	Depreciated Historic Cost
Other Land and Buildings	Fair Value (Existing Use Value) EUV
Vehicles, Plant and Equipment	EUV (DRC*)
Surplus Assets	Fair Value (Existing Use Value) EUV

* Depreciated Replacement Cost (DRC) will be used if EUV cannot be determined.

A full valuation of a property should be conducted by the Company's valuer. The valuations have been prepared in accordance with the Practice Statements and UK Practice Statements contained in the RICS Appraisal and Valuation Standards.

The asset valuations have been prepared using the following assumptions:-

a) The Company has good title free from encumbrances;
b) There are no hazardous substances or latent defects in the properties and there is no contamination present;
c) The properties have permanent planning permission and any other necessary statutory consent for their current use;
d) Plant and machinery is included in the valuation of the property, where applicable;
e) No special circumstances beyond those likely to be considered by a prospective purchaser in the open market have been taken into account;
f) No allowance has been made for any liability to taxation, which may arise on disposal, nor for costs of acquisition or realisation;
g) All transactions agree with the Company's de-minimis level.

The Company operates a 5 yearly revaluation for all assets, with the exception of Investment Properties which will be reviewed on an annual basis.

Any changes in valuation will be recorded in the Statement of Financial Position as per the accounting guidelines outlined in the CIPFA Code.

iv. Depreciation

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life, which is determined at the time of acquisition or revaluation. An exception is made for assets without a determinable useful life (e.g. freehold land and some community assets) and assets not yet available for use (e.g. Assets under Construction). The useful lives of assets are estimated on a realistic basis and are reviewed regularly and, where necessary, revised. Where the useful life of a fixed asset is revised, the carrying amount of the fixed asset is depreciated over the revised remaining useful life.

Depreciation is calculated on the amount at which the asset is included in the Statement of Financial Position, whether current cost or historical cost. Depreciation has been calculated as follows:

- All assets are depreciated on a straight line basis over the useful life of the asset taking into account land value and residual value with the exception of vehicles which are depreciated on a reducing balance method.
- Investment Properties are not depreciated; instead these are revalued on an annual basis.
- Newly acquired assets are not depreciated in the year of acquisition, while assets under construction are only depreciated once the asset becomes operational.

A change from one method of providing depreciation to another is only made where the new method will give a fairer presentation of the results and of the financial position. Such a change does not, however, constitute a change of accounting policy; the carrying amount of the fixed asset is depreciated using the revised method over the remaining useful life, beginning in the period in which the change is made.

v. Impairment

The value at which each category of assets is included in the Statement of Financial Position is reviewed at each year-end. Where there is reason to believe that its value has changed materially in the period, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised for the shortfall. Events and changes in circumstances that indicate a reduction in value may have incurred include:

- a significant decline in an asset's market value during the period
- evidence of obsolescence or physical damage to the asset
- a significant adverse change in the statutory or other regulatory environment in which the Company operates
- a commitment by the Company to undertake a significant reorganisation.

Once the amount of impairment is established, they are accounted for as follows:

- where there is a balance of revaluation gains for asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains
- if there is insufficient or no balance in the Revaluation Reserve , the carrying amount of the asset is written down and charged to the Comprehensive Income Statement

Where an impairment loss is subsequently reversed, the reversal is credited to the Comprehensive Income Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

vi. *Disposals and Non-Current Assets Held for Sale*

When it becomes probable that the carrying amount of an asset will be recovered through a sale rather than continuing use, it is reclassified as an Asset Held for Sale only if the following criteria are met:

a) The asset must be available for sale in its present condition subject to terms that are usual and customary for sales of such assets.
b) The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
c) The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value.
d) The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before reclassification it is revalued and carried at the lower of this figure and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Comprehensive Income Statement. Assets Held for Sale are not depreciated.

If an asset no longer meets the criteria to be classified as Assets Held for Sale, they are classified back to non-current assets at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised if they had not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell. Assets that are abandoned or scrapped are not reclassified as Assets Held for Sale.

When an item of Property, Plant, and Equipment or Asset Held for Sale is disposed of or decommissioned, the carrying amount of the asset in the Statement of Financial Position is written off to the Other Operating Expenditure line in the Comprehensive Income Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income Statement also as part of the gain or loss on disposal.

Amounts received in excess of the Company's de minimis level are categorised as capital receipts. Where a fixed asset is disposed of for other than a cash consideration, or payment is deferred, an equivalent asset is recognised and included in the Statement of Financial Position at its fair value.

4.13 Interests in Companies and Other Entities

The Company has 100% ownership in a company that has the nature of a subsidiary, associate or jointly controlled entity. In the Company's own single-entity accounts, the interests in companies and other entities are recorded in the Statement of Financial Position. If the Company has share capital, it is shown as financial assets at cost less any provision for losses. The Company records the name, business, shareholding, net assets and results of operations and other financial transactions of any related companies including cross-reference to where the accounts of the related companies may be acquired.

4.14 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, they are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

i. The Company as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Statement of Financial Position at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Initial direct costs of the Company are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Statement of Financial Position at the start of the lease, at the lower of its fair value at inception or the present value of the minimum lease payment, matched by a liability for the obligation to pay the lessor – the liability is written down as the rent becomes payable), and
- a finance charge (debited to the Comprehensive Income Statement as the rent becomes payable).

Assets recognised under finance leases are accounted for using the policies applied generally to Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Where assets are acquired by the Company (as a lessee) under operating leases, the leasing rentals payable are charged to the Comprehensive Income Statement as they are made.

Any hire purchase contracts that have similar characteristics to an operating lease are accounted for as an operating lease and disclosed in a note to the Statement of Financial Position.

ii. The Company as Lessor

Finance Leases

Where the Company grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Statement of Financial Position as a disposal. At the commencement of the lease, the carrying amount of the asset in the Statement of Financial Position (whether Property, Plant and Equipment or Assets Held for Sale) is written off in the Comprehensive Income Statement as part of the gain or loss on disposal. A gain, representing the Company's net investment in the lease, is credited to the same line in the Comprehensive Income Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Statement of Financial Position.

Operating Leases

An asset held by the Company for use in operating leases by a lessor is retained in the Statement of Financial Position and depreciated over its useful life. Rental income from operating leases, excluding charges, should be recognised in the Comprehensive Income Statement on a straight-line basis over the term of the lease, even if this does not match the pattern of the payments. .

5. FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME – by function of expenses for the year ended 31st March, 2015

	Notes	1st April, 2014 to 31st March, 2015 £	1st April, 2013 to 31st March, 2014 £
Revenue		24,291	0
Employee Costs	5	(185,819)	(109,166)
Other Expenses	6	(155,330)	(97,092)
Change in Fair Value through Profit & Loss	13	0	(228,393)
Loss from Operations		**(316,858)**	**(434,651)**
Finance Costs		(19,480)	(11)
Profit on Disposal of Asset		263,539	0
Loss before Income Taxes from Continuing Operations		**(72,799)**	**(434,662)**
Taxation	17	0	0
Loss and total comprehensive income attributable to shareholders		**(72,799)**	**(434,662)**

The accounting policies on pages 6–15 and the notes on pages 20-29 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION as at 31st March, 2015

	Notes	31st March, 2015 £	31st March, 2014 £
Assets:			
Non-Current Assets			
Property, Plant and Equipment	9	745,301	1,384,289
Financial Assets	20	1	1
		745,302	**1,384,290**
Current Assets			
Trade and Other Receivables	7	1,597,842	185,452
Cash and Cash Equivalents	8	185,804	115,386
		1,783,646	**300,838**
TOTAL ASSETS		**2,528,948**	**1,685,128**
Current Liabilities			
Financial Liabilities - Borrowing	19	612,715	200,000
Trade and Other Payables	10	615,424	111,520
		1,228,139	**311,520**
Net Current Assets		**555,507**	**(10,682)**
TOTAL LIABILITIES		**1,228,139**	**311,520**
Net Assets		**1,300,809**	**1,373,608**
Equity:			
Retained Deficit	13	(599,191)	(526,392)
Share Capital	11	1,900,000	1,900,000
Total Equity		**1,300,809**	**1,373,608**

The financial statements were approved by the Board of Directors and signed on its behalf by:

Approved on behalf of the board

WJFlood

....
W. J. Flood – Director

Date: ...28th September 2015

The accounting policies on pages 6–15 and the notes on pages 20-29 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2015

	Retained Earnings £	Share Capital £	Total £
Balance at 31st March, 2013	**(91,730)**	**1,000,100**	**908,370**
Comprehensive Income Profit	(434,662)	0	**(434,662)**
Issue of Share Capital	0	899,900	**899,900**
Balance at 31st March, 2014	**(526,392)**	**1,900,000**	**1,373,608**
Comprehensive Income Profit	(301,192)	0	**(301,192)**
Other Comprehensive Income	228,393	0	**228,393**
Balance at 31st March, 2015	**(599,191)**	**1,900,000**	**1,300,809**

The accounting policies on pages 6–15 and the notes on pages 20-29 are an integral part of these financial statements

CASH FLOW STATEMENT for the year ended 31st March, 2015

	Notes	1st April, 2014 to 31st March, 2015 £	1st April, 2013 to 31st March, 2014 £
Cash Flows from Operations			
Profit / (Loss) from Operations	13	(316,858)	(434,651)
Impairment Charges		0	228,393
Change in Trade and Other Receivables	7	157,610	(140,522)
Change in Trade and Other Payables	10	503,904	(119,951)
Cash Generated from Operations		**344,656**	**(466,731)**
Interest Paid		(19,480)	(11)
Income Tax Paid		0	0
Net Cash Flows from Operating Activities		**325,176**	**(466,742)**
Cash Flows from Investing Activities			
Purchase of Investments		(667,473)	(1)
Purchase of Property, Plant and Equipment		0	(1,350,506)
Grant Received		0	350,000
Net Cash Flows from Investing Activities		**(667,473)**	**(1,000,507)**
Cash Flows from Financing Activities			
Proceeds from Borrowing		412,715	200,000
Issue of Shares	11	0	899,900
Net Cash Flows from Financing Activities		**412,715**	**1,099,900**
Net Increase / (Decrease) in Cash and Cash Equivalents		**70,418**	**(367,349)**
Cash and Cash Equivalents at Beginning of Year		115,386	482,735
Cash and Cash Equivalents at End of Year	8	**185,804**	**115,386**

The accounting policies on pages 6–15 and the notes on pages 20-29 are an integral part of these financial statements

6. NOTES TO THE ACCOUNTS

NOTE 1 ACCOUNTING POLICIES

The accounting policies used to complete this Statement of Accounts are produced in full in section 4.

NOTE 2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out earlier, the Company has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Wokingham Borough Council has full control over the operating activities of Wokingham Housing Ltd and as such classifies this company as a subsidiary. These financial statements are therefore shown in the consolidated accounts for Wokingham Group.

NOTE 3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by Directors about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are no items in WHL's Statement of Financial Position at 31st March, 2015 for which there is a significant risk of material adjustment in the forthcoming financial year.

NOTE 4 MATERIAL ITEMS OF INCOME AND EXPENSE

Material Items of Income and Expense during 2014/2015 which related to WHL's Non-Current Assets are:

- As a property development company, Wokingham Housing Ltd completed development of properties at Hillside Park. This has been sold to Loddon Homes Ltd, a direct subsidiary of WHL. This is the only property sale made during the financial period and amounts to £1.92m of total income recognised during the year.

NOTE 5 STAFF COSTS

The Company has incurred the following staff costs in arriving at the profit before taxation:

	Period 1st April, 2014 to 31st March, 2015 £	1st April, 2013 to 31st March, 2014 £
Gross Wages and Salaries	137,204	81,673
Bonuses	19,000	14,000
Social Security Costs	21,089	8,646
Pension Costs	7,314	3,575
Staff Professional Fees	126	0
Recruitment Costs	1,086	1,272
	185,819	**109,166**

The number of employees of the Company at 31st March, 2015 is three (two at 31st March, 2014) this includes the Managing Director of the Company. All entitled annual leave was taken prior to 31st March therefore no adjustment was required.

Included in the bonuses is a Managing Director's Bonus which is a performance related award that is agreed by the Wokingham Borough Council members who sit on the Board of the Company to provide scrutiny. The payment will be made as a lump sum into the employees Stakeholder pension.

The pension cost represents the employer contribution to a Stakeholder pension into which employees also contribute.

NOTE 6 OTHER EXPENSES

The Company has incurred the following costs in arriving at the profit before taxation:

	1st April, 2014 to 31st March, 2015 £	1st April, 2013 to 31st March, 2014 £
Premises Costs	60,135	28,742
Transport Costs	1,202	184
Telephone & Computer Charges	1,867	5,036
Supplies and Services	86,966	58,230
Auditors' Remuneration – audit services	5,160	4,900
	155,330	**97,092**

NOTE 7 TRADE AND OTHER RECEIVABLES

These are amounts that were due to WHL in full at the end of the accounting year and are net of doubtful debt provisions. They can be analysed as follows:

	1st April, 2014 to 31st March, 2015 £	1st April, 2013 to 31st March, 2014 £
VAT Liability	15,189	2,721
Intra-Group Receivables	6,157	0
Net Trade Debtors	21,346	2,721
Owed by WBC	135	175,000
Owed by LHL	1,570,000	0
Prepayments	6,360	7,731
Total	**1,597,842**	**185,452**

Following an assessment of outstanding trade receivables at the year end, no bad and doubtful debt provision was made.

The decision to impair the relevant receivables is based on an independent review of each case on its own merits rather than its ageing profile. The ageing profile of the provision is, however, shown below:

	31st March, 2015 £	31st March, 2014 £
Less than One Month	5,684	0
More than One Month	473	0
	6,157	**0**

The prepayments and amounts owed by WBC and LHL do not contain impaired assets.

NOTE 8 CASH AND CASH EQUIVALENTS

The following elements comprise Cash and Cash Equivalents:

	1st April, 2014 to 31st March, 2015 £	1st April, 2013 to 31st March, 2014 £
Cash at Bank and In Hand	185,804	115,386
Total Cash and Cash Equivalents	**185,804**	**115,386**

NOTE 9 PROPERTY, PLANT & EQUIPMENT

A valuation was carried out on the units at Hillside Park in 2013/14 by CA Hubbard FRICS. The valuation was carried out to Existing Use Value for Social Housing in accordance with UKVS1.13 (Valuations for Registered Social Housing Providers) of the RICS Valuation – Professional Standards – Global and UK – January 2014.

It is defined as follows:
Existing Use Value for Social Housing (EUV-SH) is the estimated amount for which a property should exchange, on the valuation date, between a willing buyer and a willing seller in an arms-length transaction after proper marketing and where the parties had each acted knowledgeably,

prudently and without compulsion, subject to the following special assumptions but the property will continue to be let by a body pursuant to delivery of a service for the existing use:

a) At the valuation date, any Regulatory Body, in applying its criteria for approval, would not unreasonably fetter the vendor's ability to dispose of the property to organisations intending to manage their housing stock in accordance with that Regulatory Body's requirements.
b) Properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and
c) Any subsequent sale will be subject to all of the above special assumptions.

The assets were valued at £1.3m and the following table summarises the movement in the fair value of property, plant and equipment over the year:

	31st March, 2015 £	31st March, 2014 £
Net Book Value at the Start of the Year	1,300,000	0
To / From Assets under Construction	0	1,878,393
Net Gains / (Losses) from Re-valuation	0	(228,393)
Government Grant	0	(350,000)
Write back loss on Re-valuation	228,393	0
Additions	6,461	0
Profit on Sale of a Property	35,146	0
Disposal	(1,570,000)	0
Operational Assets	**0**	**1,300,000**
Assets under Construction	745,301	84,289
Non-Operational Assets	**745,301**	**84,289**
PPE Balance at the End of the Year	**745,301**	**1,384,289**

NOTE 10 TRADE AND OTHER PAYABLES

These are amounts due to be paid by WHL at the end of the accounting year and include:

	31st March, 2015 £	31st March, 2014 £
Trade Payables	61,716	15,207
Amounts Owed to parent undertakings	419,863	203,816
Amounts Owed to subsidiary undertaking	1	1
Accruals	89,850	48,502
Retentions	43,994	43,994
Total	**615,424**	**311,520**

NOTE 11 CALLED UP SHARE CAPITAL

At 31st March, 2014, 1,900,000 authorised and fully paid Ordinary £1.00 shares were held by WBC and during 2014/15 no further share issues were made. At 1st April, 2014, 1,900,000 authorised and fully paid Ordinary £1.00 shares were transferred in ownership from WBC to its subsidiary and immediate parent of WHL, namely WBC (Holdings) Ltd. Therefore at 31st March, 2015, 1,900,000 authorised and fully paid Ordinary £1.00 shares were held by WBC (Holdings) Ltd.

Each share carries equal rights in respect of voting and sharing in the financial results and residual value upon winding up of the Company.

Issued, called up and fully paid shares are as follows:

	31st March, 2015 £	31st March, 2014 £
Ordinary shares of £1 each	1,900,000	1,900,000
Total Share Capital	**1,900,000**	**1,900,000**

NOTE 12 FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Statement of Financial Position:

	31st March, 2015 £	31st March, 2014 £
Trade and Other Payables	(1,218,266)	(311,520)
Trade and Other Receivables	1,597,841	185,452
Cash at Bank and in Hand	185,804	115,386

Short term assets and liabilities are carried at cost as this is a fair approximation of their value.
The Company's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Company
- liquidity risk – the possibility that the Company might not have funds available to meet its commitments to make payments
- re-financing risk – the possibility that the Company might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms

Credit Risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Company's customers.

Liquidity Risk
Wokingham Borough Council as the parent company has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, WBC has ready access to borrowings from the Money Markets and the Public Works Loans Board. There is therefore no significant risk that WHL will be unable to raise finance to meet its commitments under financial instruments.

NOTE 13 RETAINED EARNINGS

	31st March, 2015 £	31st March, 2014 £
Opening Balance	(526,392)	(91,730)
Profit / (Loss) for the Year	(72,799)	(434,662)
Closing Balance	**(599,191)**	**(526,392)**

NOTE 14 DIRECTORS' FEES

The Company paid the following amounts to Directors of the Company during the year:

	1st April, 2014 to 31st March, 2015 £	1st April, 2013 to 31st March, 2014 £
A J Auty	4,406	0
D D Chopping	6,436	6,452
G Cowan	6,436	6,446
J Halsall	969	0
	18,247	**12,898**

Mr Chopping, Mr Cowan and Mr Auty are all elected Members of Wokingham Borough Council who have been appointed to the board of the company. They are paid Members Allowances by WBC for sitting on the board of the company, but as they are not employees of the company their costs are treated as supplies. The directors are considered to be the key management personnel of the company.

Mr Halsall is also an elected Member of Wokingham Borough Council who was appointed to the board of WHL but resigned during 2014/15.

NOTE 15 RELATED PARTY TRANSACTIONS

The Company has applied the exemption available in paragraph 25 of IAS 24, and has therefore not provided detailed disclosure of its transactions with Wokingham Borough Council and other companies under the control of Wokingham Borough Council.

A summary of the Company's transactions with Wokingham Borough Council ("WBC") and other companies controlled by Wokingham Borough Council is shown below:

- WBC provides various support services to the Company, which are included in "other expenses". Amounts owed to WBC in respect of these services are included in "trade and other payables".
- WBC has provided loans to the Company, as described in note 19. Interest on the loan is included within "finance costs".
- The Company obtains services from its subsidiary, Loddon Homes Limited. Amounts owed to Loddon Homes Limited are included in "trade and other payables".

- The Company provides services to its subsidiary, Loddon Homes Limited. Amounts owed by Loddon Homes Limited are included in "trade and other receivables".

NOTE 16 ULTIMATE PARENT

The Directors of the company regard WBC (Holdings) Ltd as the immediate parent of the Company.

The Directors of the company regard Wokingham Borough Council, a local authority in England and Wales, as the ultimate parent of the Company. The Company's results are included in the consolidated financial statements of Wokingham Borough Council. Copies of the Consolidated Group Accounts are available from Wokingham Borough Council, Civic Offices, Shute End, Wokingham, RG40 1BN.

NOTE 17 CORPORATION TAX

As a result of the current year property trade loss of £72,799, the company is not expected to incur a corporation tax liability on its results for the year ended 31st March, 2015.

NOTE 19 FINANCIAL LIABILITIES – BORROWING

On 21st November, 2013 an interest-free short-term loan of £200,000 was extended to WHL by WBC. The loan repayment was due but not settled at 31st March, 2015. A further interest-free loan of £100,000 was extended to WHL during 2014/15.

Also during 2014/15 a loan of £312,715 was made to WHL, bearing interest at 6%. Originally made by WBC, the loan has been assigned during the year to WBC (Holdings) Ltd. Pending further funding becoming available to WHL, all three loans are due to be repaid in 2015/16.

The amounts due for future principal repayment can be summarised as follows:

	31st March, 2015	31st March, 2014
	£	£
Due in less than 1 year	612,715	200,000
Total Short Term Borrowing	**612,715**	**200,000**
Total Long Term Borrowing	**0**	**0**
Total Borrowing	**612,715**	**200,000**

NOTE 18 LEASES

WHL does not hold any finance leases, whether in or out. The onward provision of accommodation to vulnerable adults is provided on a Tenancy Agreement basis and these are not treated as leases.

Leases In:
The Company has premises which it leased in from WBC on an operating lease basis for the provision of residential accommodation to vulnerable adults. The terms of the leases vary between 21 years and 125 years.

The future minimum lease payments payable under non-cancellable leases in future years are:

	31st March, 2015 £	31st March, 2014 £
Within the next year	15,692	15,271
Within the next 2-5 years	62,770	61,083
Beyond 5 years	216,659	226,111
	295,121	**302,465**

The minimum lease payments payable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £545 contingent rents were payable by the Company (nil in 2013/14 £0).

Leases Out:
The Company sublet land under an operating lease to Loddon Homes Ltd for a period of approximately 123 years. However as this is under a nominal annual rent lease, it is considered to be immaterial.

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 no contingent rents were receivable by the Company (nil in 2013/14 £0).

NOTE 19 CONTINGENT LIABILITY

WBC, as agent, successfully applied for Government Grant of £350,000 towards the costs of building at Hillside Park. This money was awarded to WHL by WBC towards the cost of construction. Certain conditions relate to the use of the grant money which must be maintained over the period of the grant. Should any conditions not be met, WHL would be liable to repay the grant in its entirety back to the government.

This Government Grant has been novated to Loddon Homes Ltd from 1st April, 2014 following the sale of Hillside Park.

NOTE 20 INVESTMENTS IN SUBSIDIARIES

The company had the following subsidiary at 31st March, 2015:

Name of Company	Loddon Homes Limited
Country of Incorporation and Place of Business	UK
Nature of Business	Rental of Accommodation
Proportion of Ordinary Shares Directly Held by Company	100%
Net assets	£1
Loss attributable to the Company	£249,818