



WOKINGHAM HOUSING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Period Ended 31st March 2019



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Company Information

Directors:

	Board Member (Position)	Committee Membership as of 31st March 2019	Date
I	John Kaiser (Chairman)		From 16 th July 2019
I	Alistair Auty (Chairman)		To 12 th August 2019
I	Fred Wright (Vice Chairman)	Audit & Risk Committee (Chairman)	
EM	Bill Flood (Managing Director)	Audit & Risk Committee	
I	Robin Roberts	Audit & Risk Committee	From 16 th July 2019
I	Daniel Sargeant		From 16 th July 2019

I = Independent Member, EM = Executive Member of the Board

Company Secretary:

Rachel Harrison

Registered Office:

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

Registered Number:

07685172 (England and Wales)

Senior Statutory Auditor:

Martin Howard FCA

Auditors:

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT

Report of the Directors

The Directors present their report with the financial statements of the company for the year ended 31st March 2019.

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.

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, and 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;
- state 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.

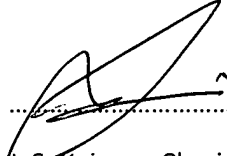
WOKINGHAM HOUSING LIMITED

Annual Report and Financial Statements for the Year Ended 31st March 2019

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:


.....
L.S. Kaiser – Chariman

Date: 15/9/2019

Independent Auditor's Report

Opinion

We have audited the financial statements of Wokingham Housing Limited for the year ended 31 March 2019, set out on pages 14-17. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the

other information. If based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Matters in Which We are Required to Report by Exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Directors

As explained more fully 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 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

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.

.....
Martin Howard FCA (Senior Statutory Auditor)

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

Date: 23 Sep 2019.....

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 2018/2019 (the Code). Where possible the Company has selected accounting policies consistent with the Code, however where the Code is not applicable IFRS and IFRIC interpretations as adopted by the EU have been followed.

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

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:

(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.

(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 prepayments in 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.

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.

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. Financial Instruments

a) 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.

b) Financial Assets

Financial assets are classified as loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

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 minimis principles to soft loans.

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

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.

7. VAT

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

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.

9. Employee Benefits

a) 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.

b) 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.

c) 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.

10. 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

11. 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 £5,000 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
Infrastructure Assets	Depreciated Historic Cost
Investment Properties	Fair Value

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.

12. Interests in Companies and Other Entities

The Company has no interests in a company that has the nature of a subsidiary, associate or jointly controlled entity.

13. 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.

Statement of Comprehensive Income

	Notes	12 Months to 31st March 2019 £	12 Months to 31st March 2018 £
Revenue		3,616,615	11,462,902
Cost of property constructed		(3,107,829)	(10,322,768)
Employee Costs	5 & 6	(220,279)	(197,683)
Other Expenses	7	(79,407)	(84,451)
Profit / (Loss) from Operations		209,100	858,000
Finance Costs		(60,003)	(95,258)
Profit / (Loss) before Income Taxes from Continuing Operations		149,096	762,742
Taxation	16	-	-
Profit / (Loss) and Total Comprehensive Income Attributable to Shareholders		149,096	762,743


The accounting policies on pages 7-13 and the notes on pages 18-24 are an integral part of these financial statements.

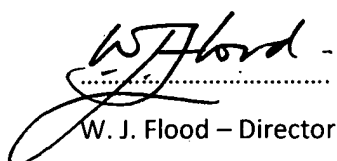
Statement of Financial Position

	Notes	31st March 2019 £	31st March 2018 £
Non-Current Assets			
Property, Plant and Equipment	11	1,791,081	696,487
Financial Assets	18	-	-
		1,791,081	696,487
Current Assets			
Trade and Other Receivables	8	2,904,642	2,826,429
Cash and Cash Equivalents	9	639,238	959,059
		3,543,880	3,785,488
TOTAL ASSETS		5,334,961	4,481,975
Current Liabilities			
Financial Liabilities – Borrowing	17	-	-
Trade and Other Payables	10	1,762,354	2,395,863
		1,762,354	2,395,863
Net Current Assets		1,781,526	1,389,625
Non-Current Liabilities			
Financial Liabilities – Borrowing	17	2,254,752	848,202
Other Non-Current Liabilities	10	94,820	163,972
		2,349,572	1,012,174
TOTAL LIABILITIES		4,111,926	3,408,037
Net Assets		1,223,035	1,073,938
Retained Deficit		(676,965)	(826,062)
Share Capital	12	1,900,000	1,900,000
TOTAL EQUITY		1,223,035	1,073,938

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

Approved on behalf of the board


J. S. Kaiser – Chairman


W. J. Flood – Director

Date: 16/9/2019

Date: 18/9/2019

The accounting policies on pages 7-13 and the notes on pages 18-24 are an integral part of these financial statements.

Statement of Changes in Equity

	Retained Earnings £	Share Capital £	Total £
Balance at 31st March 2017	(1,588,805)	1,900,000	311,195
Comprehensive Income / (Loss)	762,743	-	762,743
Other Comprehensive Income	-	-	-
Balance at 31st March 2018	(826,062)	1,900,000	1,073,938
Comprehensive Income / (Loss)	149,096	-	149,096
Other Comprehensive Income	-	-	-
Balance at 31st March 2019	(676,966)	1,900,000	1,223,034

The accounting policies on pages 7-13 and the notes on pages 18-24 are an integral part of these financial statements.

Statement of Cash Flows

	Notes	12 Months to 31st March 2019 £	12 Months to 31st March 2018 £
Cash Flows from Operations			
Operating Profit / (Loss)		209,100	858,001
Change in Trade and Other Receivables	8	(78,213)	(1,175,078)
Change in Trade and Other Payables	10	(702,661)	622,264
Cash Generated from Operations		(571,774)	305,187
Interest Paid		60,003	95,258
Income Tax Paid	16	-	-
Net Cash Flows from Operating Activities		(631,778)	209,929
Cash Flows from Investing Activities			
Purchase of Investments	11	(1,094,594)	786,695
Net Cash Flows from Investing Activities		(1,094,594)	786,695
Cash Flows from Financing Activities			
Proceeds / (Repayment) of Borrowing	17	1,406,550	(535,000)
Net Cash Flows from Financing Activities		1,406,550	(535,000)
Net Increase / (Decrease) in Cash and Cash Equivalents		(319,821)	461,624
Cash and Cash Equivalents at Beginning of Year		959,059	497,435
Cash and Cash Equivalents at End of Year	9	639,238	959,059

The accounting policies on pages 7-13 and the notes on pages 18-24 are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

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

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:

WBC has ultimate control over the operating activities of WHL and as such classifies this company as a subsidiary. These financial statements are therefore shown in the consolidated accounts for WBC.

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 2019 for which there is a significant risk of material adjustment in the forthcoming financial year.

4. Material Items of Income and Expense

Material Items of Income and Expense during 2018/19 which related to WHL's Non-Current Assets are:

- As a property development company, Wokingham Housing Limited is developing three schemes for Loddon Homes Limited at 31st March 2019. Norton Road reached practical completion in March 2019 while two additional schemes, Finch Road and Middlefields are not due for completion until early-2019/20. All developments are within the Borough of Wokingham.
- As a property development company, Wokingham Housing Limited is developing further schemes anticipated to be transferred to Loddon Homes Limited at 31st March 2019. Gorse Ride (within the Borough of Wokingham) is currently in the pre-application phase and is expected to deliver homes from 2020/21 onwards.

WOKINGHAM HOUSING LIMITED

Annual Report and Financial Statements for the Year Ended 31st March 2019

5. Employee Costs

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

	12 Months to 31st March 2019 £	12 Months to 31st March 2018 £
Employee Costs:		
Gross wages and salaries	182,686	136,977
Bonuses	(4,962)	7,994
Social security costs	21,250	19,120
Pension costs	10,235	21,154
Staff professional fees	1,133	1,037
Recruitment costs	-	--
Other employee related costs	480	961
Total Staff Costs	210,822	187,243

The number of employees of the Company at 31st March 2018 is two, and some employment services are subcontracted via employees at WHL's sister company, Loddon Homes Limited. An amount of £77,983 is included in 'Gross wages and salaries' for subcontracted labour costs.

Included in the bonuses are performance related awards that is agreed by the Board of the Company, which includes Wokingham Borough Council members to provide scrutiny.

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

6. Director's Remuneration

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

	12 Months to 31st March 2019 £	12 Months to 31st March 2018 £
A Auty	6,458	4,855
P F Wright	3,000	2,500
D D Chopping	-	1,608
J L Jarvis	-	1,477
TOTAL	9,458	10,440

Mr Auty is an elected Member of Wokingham Borough Council who has been appointed to the board of the company. They are paid Members Allowances by WBC for sitting on the board of the company, but are not employees of the company. The directors are considered to be the key management personnel of the company.

WOKINGHAM HOUSING LIMITED

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7. Other Expenses

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

	12 Months to 31st March 2019 £	12 Months to 31st March 2018 £
Premises Costs	3,082	3,082
Transport Costs	3,573	4,632
Telephone & Computer Charges	6,645	1,407
Supplies and Services	61,807	71,695
Auditors' Remuneration – Audit Services	4,300	3,635
TOTAL	79,407	84,451

8. 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:

	12 Months to 31st March 2019 £	12 Months to 31st March 2018 £
VAT Liability	123,486	(3,218)
Intra-Group Receivables	1,770,608	1,685,954
Net Trade Debtors	1,894,094	1,682,736
Owed by WBC	-	81,297
Owed by LHL	1,007,727	51,945
Owed by BBHL	-	--
Prepayments	2,821	2,724
TOTAL	2,904,642	1,818,702

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:

	12 Months to 31st March 2019 £	12 Months to 31st March 2018 £
Less than One Month	200,608	115,974
More than One Month	1,570,000	1,570,000
TOTAL	1,770,608	1,685,974

The prepayments and amounts owed by WBC and the parent undertaking do not contain impaired assets.

9. Cash and Cash Equivalents

The following elements comprise Cash and Cash Equivalents:

	31st March 2019	31st March 2018
	£	£
Cash at Bank and In Hand	639,238	959,059
TOTAL	639,238	959,059

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 2019	31st March 2018
	£	£
Trade Payables	155,963	114,522
Amounts Owed to Parent Undertakings	95,688	196,729
Amount owed to Sibling Companies	539,124	1,164,891
Accruals	593,521	669,512
Retentions – Due Within 1 Year	378,056	250,207
Total Due Within 1 Year	1,762,354	2,395,861
Retentions – Due More Than 1 Year	94,820	163,972
Total Trade and Other Payables	1,857,174	2,559,833

11. Property Plant and Equipment

The following table summarises the movement in the fair value of property, plant and equipment over the year:

	31st March 2019	31st March 2018
	£	£
Assets Under Construction	1,791,081	696,487
Non-Operational Assets	1,791,081	696,487
PPE Balance at End of the Year	1,791,081	696,487

12. Called Up Share Capital

At 31st March 2019, 1,900,000 authorised and fully paid Ordinary £1.00 share was held by WBC (Holdings) Limited and during 2018/19, no further share issues were authorised. Therefore at 31st March 2019, 1,900,000 authorised and fully paid Ordinary £1.00 share was held by WBC (Holdings) Limited.

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 2019	31st March 2018
	£	£
Called Up Share Capital	1,900,000	1,900,000
Total Share Capital	1,900,000	1,900,000

During the course of the year, the WHL Board sought advice to resolve an outstanding £1,570,000 intra-group receivable (Note 8), which resulted from the transfer of Hillside to one of its sister companies, Loddon Homes Limited. The original funding for this asset was represented by the £1,900,000 share capital in WHL, and the company intends to undertake a share capital reduction via a return of capital to its shareholders to enable this capital to fund this outstanding receivable. However, this will be undertaken at the point in which WHL has sufficient reserves available to allow the receivable to be recovered in full. No change in the share ownership position of WBC (Holdings) Limited is anticipated as this will be an intra-company transaction.

13. Financial Instruments

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

	31st March 2019	31st March 2018
	£	£
Trade and Other Payables	(1,857,174)	(2,559,833)
Financial Liabilities - Borrowing	(2,254,752)	(848,202)
Trade and Other Receivables	2,904,642	1,818,702
Cash at Bank and in Hand	639,238	959,059

Financial Liabilities represent long-term loans from Wokingham Borough Council of **£2,254,752** for operational and capital expenditure purposes.

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 risks arise from deposits with banks and financial institutions, as well as credit exposures to the Company's customers.

The Company's only exposure to credit risk at 31st March 2019 arose from the intra-group sale to Loddon Homes Limited of properties at Hillside.

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 Limited will be unable to raise finance to meet its commitments under financial instruments.

The Company's exposure to a liquidity risk at 31st March 2019 arose from loans from WBC (Holdings) Limited. The loans from WBC (Holdings) Limited are long term and are charged interest at a fixed rate of 5.75% for three years from 1st April 2016 and at a variable rate of 3.5% thereafter.

14. Related Parties

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

A summary of the Company's transactions with WBC and other companies controlled by WBC 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';
- The Company provides services to WBC. Amounts owed by WBC are included in 'trade and other receivables';
- WBC has provided loans to the Company, as described in note 19.
- The Company subcontracts its staff from its sister company, Loddon Homes Limited (LHL). These amounts included in the wages and salaries category.

15. Ultimate Parent

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

The Directors of the Company regard WBC, 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 WBC. Copies of the Consolidated Group Accounts are available from Wokingham Borough Council, Civic Offices, Shute End, Wokingham, RG40 1BN.

16. Corporation Tax

As a result of the prior year tax loss carry forwards, the Company is not expected to incur a corporation tax liability on its trade profit of £149,096 for the period ended 31st March 2019. The company has not recognised a deferred tax asset in respect of its prior year losses.

17. Financial Liabilities – Borrowing

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

	31st March 2019	31st March 2018
	£	£
Due in less than 1 year	-	-
Total Short Term Borrowing	-	-
Repayable in less than one year	-	-
Repayable between year two and five	-	-
Repayable in over 5 years	2,254,752	848,202
Total Long Term Borrowing	2,254,752	848,202
Total Borrowing	2,254,752	848,202

Moving forward, loans between WBC and WHL have been agreed at a rate of 5.75% until March 2019, and then reduce (including on any existing loans) to a rate of 3.5% from April 2019 (fixed, but with an option to review if Public Works Loan Board rates increase significantly).

18. Investments in Subsidiaries

As of 31st March 2019, the Company held no investments in subsidiaries.

19. Capital Commitments

The company has been contracted by Loddon Homes Limited to provide construction services for a development at Finch Road and Middlefields. The company has committed with contractors to supply the building of these schemes. Finch Road has been contracted for a total scheme cost of £587k, and construction costs were £279k at 31st March 2019. Middlefields has been contracted for a total scheme cost of £576k, and construction costs were £310k at 31st March 2019.

20. Post Balance Sheet Events

Since 31st March 2019, the following events took place which impacted Wokingham Housing Limited:

- A contract transfer price agreement has been put in place with Loddon Homes Limited for the Gorrick Square and Gorse Ride Phase 1 developments. Gorrick Square has a transfer price of £815k and Gorse Ride Phase 1 has a transfer price of £9.3m. Both are expected to complete in 2020/21.