

**Registered Society No: 27877R**  
**Homes and Communities Agency No: L4072**

**WINDSOR AND DISTRICT HOUSING ASSOCIATION LIMITED**

**Annual Report and Financial Statements**

**Year Ended 31 March 2017**

# WINDSOR AND DISTRICT HOUSING ASSOCIATION LIMITED

## CONTENTS

### OVERVIEW

GENERAL INFORMATION .....	1
INTRODUCTION FROM THE CHAIR .....	2
OUR PRINCIPAL ENTITIES.....	4
OUR EXECUTIVE TEAM.....	5
BOARD REPORT .....	7
Principal Activities .....	7
Corporate Governance Statement .....	7
Board Members of Windsor and District Housing Association Limited .....	7
The Group Combined Board Composition and Remuneration .....	8
Executive Board and Service Contracts .....	10
Resident Involvement.....	10
Governance and Regulation .....	10
Internal Control and Risk Management .....	11
Review of Effectiveness of Internal Control .....	12
Health, Safety and Wellbeing .....	12
Going Concern .....	13
Auditor.....	13
STRATEGIC REPORT .....	14
Our Business Model.....	14
Future Developments.....	14
Our Vision and Strategic Goals .....	15
Strategic Plan 2017-20.....	16
Principal Risks and Uncertainties.....	17
Budgets and Business Plans.....	19
Capital and Treasury Management .....	19
Financial Review .....	20
VALUE FOR MONEY.....	21
STATEMENT OF THE BOARD'S RESPONSIBILITIES .....	23
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINDSOR AND DISTRICT HOUSING ASSOCIATION LIMITED .....	24
STATEMENT OF COMPREHENSIVE INCOME .....	26
STATEMENT OF FINANCIAL POSITION .....	27
STATEMENT OF CHANGES IN RESERVES.....	28
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 .....	29

**GENERAL INFORMATION**

**BOARD OF MANAGEMENT**

Carol Bode                      Chair – appointed 01/10/2016  
Mandy Clarke  
Oliver Graham  
Simon Porter  
Lindsay Todd  
Richard Williams  
Martin Hurst                  Appointed 16/03/2017

**SECRETARY**

Malcolm Rule

**REGISTERED OFFICE**

Collins House  
Bishopstoke Road  
Eastleigh  
Hampshire  
SO50 6AD

**BANKERS**

Lloyds Bank  
25 Gresham Street  
London  
EC2V 7HN

**AUDITOR**

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

## INTRODUCTION FROM THE CHAIR

Since proudly becoming Chair of Windsor and District Housing Association Limited in October 2016 we have been through a period of significant change. Perhaps most notable is the British electorate's decision to leave the European Union. We are mindful of the impact that political decisions have on our area of work and how changes within the economy will affect our residents and customers. However, we remain confident that we are in a strong position to work through such conditions as and when they arise, by working on a rolling strategy that enables us to adapt quickly and efficiently.

Despite the challenges we have faced it has been another successful year for Windsor and District Housing Association Limited. Yet we know that continuing with business as usual is not an option. The need for innovation is a constant. This will help us to continue delivering efficiencies and securing competitive funding for growth.

Radian's Vision 2025 remains at the heart of what we do and is where we aspire to be. A new 2017-20 Strategic Plan has been launched to give staff an understanding of the bigger picture and the roles they play individually and collectively in delivering the Plan. Empowering our people with the ability to innovate, to share and critique ideas and to engage in our Vision is key to our success.

There is an ever-growing need to supply more homes across our regions and we will continue to increase the number of homes that we manage. We are keen to identify public or private land that could be available for development. This may include larger sites with strategic opportunities that may not be suitable for short-term investors. Our development programme of property for both rent and sale is key to the success of our future.

Following the tragic events at Grenfell Tower, we have been and will continue to be in regular contact with our residents to address any concerns they may have and to provide fire safety advice and guidance. Following an internal investigation, it was established that none of our developments which, due to their height, are considered high risk, contain aluminium composite material. We will continue to undertake a proactive and robust range of measures to ensure that our homes across our geography are safe and to reduce the risk of harm from fire.

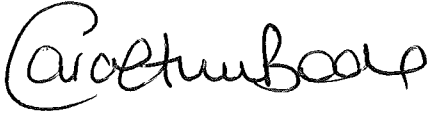
Radian Group delivered a total of 418 (2016: 229) new homes this year of which two (2016: 15) were completed by the Association. The completed development at Bedford Lane, Windsor was previously a redundant garage site which has been replaced with two two-bedroom homes for affordable rent. The new homes we provide are of a high quality, built to the highest energy efficient standards and are sustainable designs.

At 31 March 2017 the Association owned and managed, through its managing agent, 4,997 (2016: 5,121) homes across the South and South West of England. The fall in the number of properties in management is due to the sale of 56 units in management to Portal Housing Association Limited and a number of other disposals.

In July 2017, Lindsay Todd announced that he will be stepping down as Chief Executive of Radian Group as of 31 August 2017. Lindsay has steered the organisation through a period of immense growth and change, including a successful three-way merger, creating an organisation six times larger than when he joined, set against a backdrop of constantly shifting sector landscapes. Lindsay leaves Radian in a strong financial position. The Board and Executive Members are grateful to him for all he has accomplished during his time at Radian.

**INTRODUCTION FROM THE CHAIR (continued)**

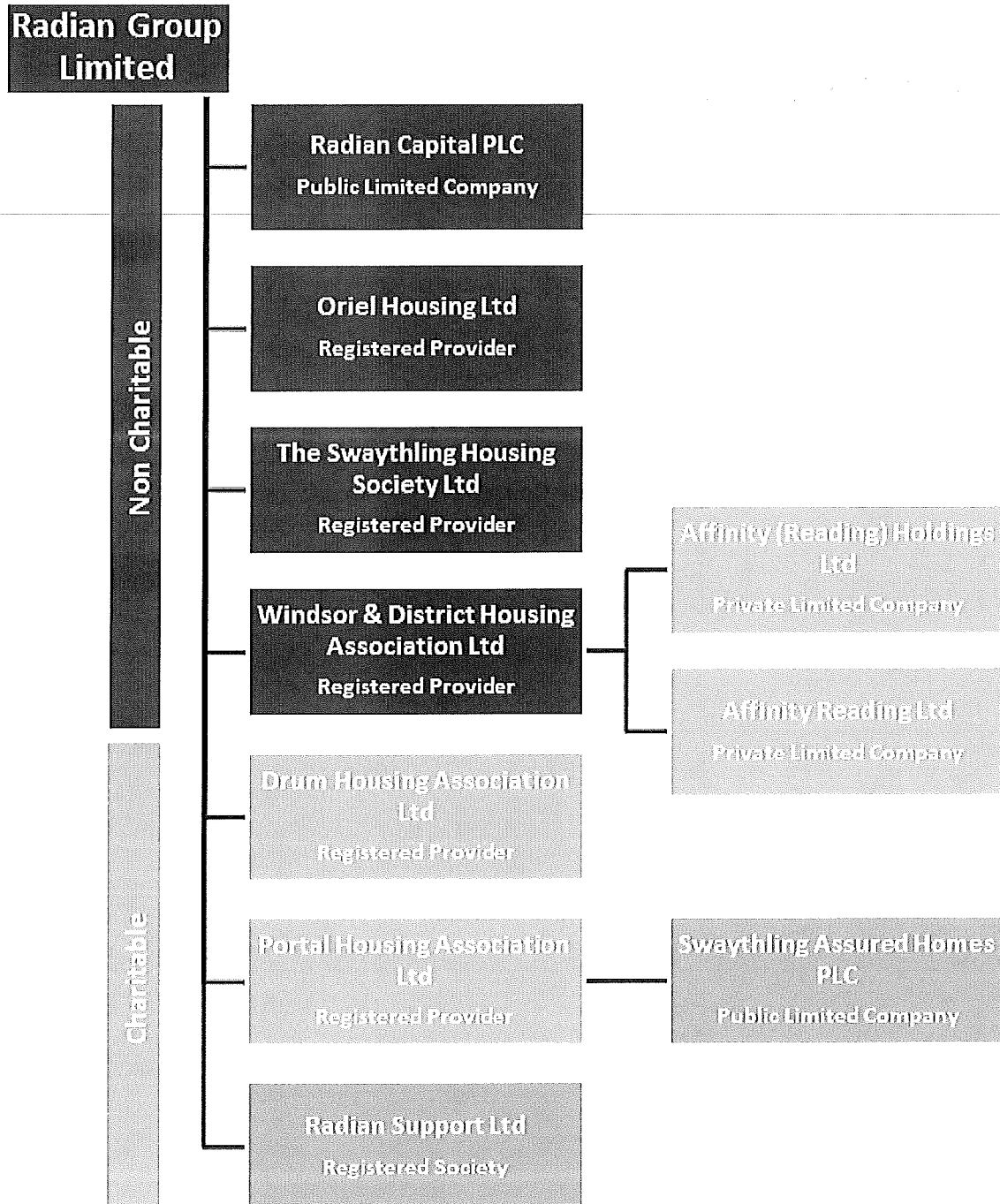
As we head into a new financial year, I would like to express my sincere thanks to everyone that has contributed to the growth and strength of Windsor and District Housing Association Limited. Our ability to continue developing new homes in the current climate is testament to the efforts put in by those passionate about making a difference to our communities. I look forward to seeing what the next year will bring.

A handwritten signature in black ink, appearing to read 'Carol Bode', written in a cursive style.

**Carol Bode**  
Chair

**OUR PRINCIPAL ENTITIES**

Radian Group Limited, the Group's parent entity, is a company limited by guarantee and regulated by the Homes and Communities Agency as a Registered Provider. It does not own any housing stock and the Group's activities take place within the Group's registered provider subsidiaries.



## **OUR EXECUTIVE TEAM**

### **Lindsay Todd – Chief Executive**

Lindsay is a chartered surveyor who has held housing and development roles in housing associations in the North and the Midlands, as well as with a private rent housing company. He was Chief Executive of Oriel Group, one of Radian's founding partners, and became Radian's Chief Executive when it was formed in 2006. He is a member of the South East Regional Council of the Confederation of British Industry and Royal Institute of Chartered Surveyors Housing Supply Group. In July 2017, Lindsay announced that he will be stepping down as Chief Executive of Radian Group as of 31 August 2017.

### **Andrew Newberry – Former Director of Finance and IT**

Andrew qualified as a chartered accountant in 1979 whilst working for an international practice in England. After two years' further experience with them in Africa he returned to England and moved into commerce. This gave him experience at a senior level in a range of activities including construction, property development, property maintenance and leasing.

Andrew joined The Swaythling Housing Society Limited as Director of Finance in 1996, taking responsibility for finance, IT and company secretary matters and became Director of Finance of Radian Group at its inception. He is a member of the National Housing Federation (NHF) Financial Policy Advisory Group and the Housing Statement of Recommended Practice (SORP) Working Party. Andrew retired from Radian at the end of April 2017.

### **Beverley Anne Costain - Director of Finance and IT**

Anne started her career at Aon in 1992 and worked for various organisations, qualifying as a Chartered Accountant in 2000 (ACCA). Anne joined De La Rue in 2006 where she held a number of roles, culminating in being appointed Divisional Finance Director for Supply Chain and Currency.

Anne joined Radian Group in August 2012 as Deputy Finance Director, becoming Finance Director (designate) in July 2016 and formally taking over from Andrew Newberry as Finance Director upon his retirement. In her role as Deputy Finance Director, Anne has headed up the Finance and Treasury departments, qualifying as a Corporate Treasurer (AMCT) during this time.

### **Andrea Smith – Former Director of Development and New Business**

Andrea joined The Swaythling Housing Society Limited, one of Radian's founding entities, in July 1998 and has therefore been with Radian since its inception. A chartered architect, Andrea's early career was spent in private practice.

Passionate about property and design and proud of Radian's track record of developing award-winning schemes, Andrea is a Board Member of Dorset Local Enterprise Partnership (LEP) and was chair of the NHF Delivering Great Homes Group and a member of its South East Standing Board until 31 March 2017. Andrea retired from Radian at the end of April 2017.

**OUR EXECUTIVE TEAM (continued)**

**Peter Evans - Director of Technical Services**

Peter has been working in construction for over 30 years gaining experience in a variety of roles including self employment, contracting, private sector consultancy, charitable organisations and the housing sector.

After leaving the production side of the construction industry in 1997 he qualified as a surveyor and subsequently joined the National Trust as an historic building surveyor working in Oxfordshire. In the same year he won two Chartered Institute of Builders Awards in Contractual and Technology studies. As Director of Technical Services he is responsible for asset management, maintenance and facilities management. He assumed responsibility for Radian's development function on Andrea Smith's retirement.

**Ralph Facey - Director of Housing and Customer Services**

Ralph joined Radian in January 2005 and has over 25 years' housing management experience gained in a range of different organisations. In Birmingham, Ralph co-ordinated preparations for the transfer of the City Castle Vale estate to a Housing Action Trust and oversaw the formal transfer. After three years spent as Housing Services Manager at Southampton City Council, Ralph became Chief Housing Officer at Gosport and led the service through a period of successful and significant change.

In January 2005 Ralph took over responsibility for The Swaythling Housing Society Limited's preparations for the July 2005 Audit Commission inspection, which resulted in a good service and excellent prospects for improvement judgment. Ralph was appointed as Director of Housing and Customer Services in December 2009 and is also a member of the Chartered Institute of Housing.

**Isabelle Simon-Evans - Director of Corporate Services**

Isabelle joined Radian in February 2010 following a career across the private, public and not-for-profit sectors and has experience of strategic restructuring and outsourcing as well as integrating cultures after mergers. Isabelle was formerly Director of People, Procurement and Organisational Development with The Children's Society and a Board Member and Chair of the remuneration committee for a housing association specialising in services for people with learning disabilities and mental health issues.

Starting her career in sales and marketing, Isabelle developed operational experience in running services for vulnerable adults and registering and inspecting residential care. She is a fellow of the Institute of Personnel and Development and has had experience as a magistrate in the youth and adult courts.



## **BOARD REPORT**

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

### **Principal Activities**

The Windsor and District Housing Association (the Association) is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing. It is a subsidiary of Radian Group Limited (the Group). Its principal activity is to provide high quality homes and services which help improve people's lives and sustain the communities in which they live.

### **Corporate Governance Statement**

As a subsidiary of Radian Group Limited, the Association's affairs are overseen by the Group Combined Board which is formed of Board Members from across the Group's entities with each Board Member representing their respective entity or entities.

This ensures that each entity's interests are protected. Intercompany transactions are also governed by Group policy to protect the interests of individual entities.

### **Board Members of Windsor and District Housing Association Limited**

The current Board Members of the Association are set out on page 1. The Board Members are drawn from a wide background bringing together professional, commercial and other relevant experience. There have been no appointments to, or resignations from, the Board after the year end and in the period up to the date of signing this report.

Recommendations from a review of Radian's formal governance structure and governance effectiveness, led by the Group Combined Board, were implemented from 1 October 2016. The objectives were to achieve best practice in decision making and excellence in governance whilst continuing to meet statutory and regulatory requirements. The review encompassed the Group's legal entity structure, the role and composition of the Group Combined Board, its Committees and their skills and expertise, resident involvement, the terms of reference for the Executive Board and the overall effectiveness of the governance structure.

Following this review a new Housing, Assets and Customer Services Panel was established to best serve residents' interests and two former resident Board Members were transferred to lend their expertise to the governance of the housing management service. On 16 March 2017, two new Board Members were appointed to various subsidiaries across the Group thus further strengthening the Group Combined Board. One of these, Martin Hurst, joined the Board of Windsor and District Housing Association Limited on the same date.

Board Membership of Windsor and District Housing Association Limited, including changes that have taken place during the year, is set out below.

**BOARD REPORT (continued)****Board Members of Windsor and District Housing Association Limited (continued)**

Name	Committee, Panel and Other Roles	Movements in Year	
		Joined	Left
Carol Bode	Member of Remuneration and Nominations Committee	01/10/16	
Lindsay Todd	Chief Executive Officer Member of Treasury and Investment Committee Chair of Executive Development Panel		
Mandy Clarke	Senior Independent Director Chair of Remuneration and Nominations Committee Member of Audit and Risk Committee		
Simon Porter	Chair of Audit and Risk Committee Member of Treasury and Investment Committee and Remuneration and Nominations Committee		
Richard Williams	Member of Treasury and Investment Committee and Remuneration and Nominations Committee		
Michael Collis	Resident Board Member		01/10/16
Colin Hessey	Resident Board Member		01/10/16
Oliver Graham	Chair of Treasury and Investment Committee Member of New Business Committee (ceased) and Audit and Risk Committee		15/12/16
Martin Hurst	Member of Treasury and Investment Committee and Remuneration and Nominations Committee	16/03/17	

**The Group Combined Board Composition and Remuneration**

The table below sets out how the Board Members of the Association and the Board Members of its fellow Group subsidiaries form the Group Combined Board.

<i>"CH"/"VC" denotes Chair/Vice Chair; "x" denotes Membership of a Board</i>	Group Combined Board						Other	Annual fees <sup>1</sup>
	Non-Charitable				Charitable		Radian Support	
	Radian	Windsor	Swaythling	Oriel	Drum	Portal		
Carol Bode	CH	CH	CH	CH	CH	CH		£23,000
Lindsay Todd <sup>4</sup>	x	x	x	x	x	x	x	n/a
Simon Porter	x	x	x	x	x	x		£11,500 <sup>2</sup>
Mandy Clarke	x	x	x	x				£11,500 <sup>2</sup>
Richard Williams	VC	x	x	x				£11,500 <sup>2</sup>
Martin Hurst	x	x	x	x				£9,000
Ashley West					x	x		£9,000
Mark Ralf <sup>5</sup>					x	x	VC	£11,500 <sup>2</sup>
Bridget Phelps <sup>6</sup>					x	x	CH	£9,000
Jayne Beeson					x	x		£9,000
Brian Pirie							x	£0 <sup>3</sup>

**BOARD REPORT (continued)**

**The Group Combined Board Composition and Remuneration (continued)**

<sup>1</sup> Fees are payable to Board Members in accordance with Group policy.

<sup>2</sup> The roles of Group Vice Chair, Senior Independent Director and Committee Chair receive a supplementary fee paid for by the Group.

<sup>3</sup> Fee waived at the request of Board member.

<sup>4</sup> Lindsay Todd has announced that he will be stepping down as Chief Executive of Radian Group as of 31 August 2017.

<sup>5</sup> Mark Ralf has notified us of his intention to give up his Board commitments at the end of September 2017.

<sup>6</sup> Bridget Phelps has notified us of her intention to give up her Board commitments at the end of her current term of office at the end of July 2017.

The Group Combined Board delegates certain governance responsibilities to Group Committees which have their own approved terms of reference. Management of daily operations is delegated to the Executive Board.

Information regarding the composition of the Board Committees is available on our website ([www.radian.co.uk](http://www.radian.co.uk)). The major committees supporting the Group Combined Board during the year were:

***Audit and Risk Committee***

The Audit and Risk Committee is responsible for the oversight of:

- Internal and external audit;
- The effectiveness of internal controls and risk identification and mitigation; and
- Reviewing financial performance and the financial statements.

***Remuneration and Nominations Committee***

The Remuneration and Nominations Committee has delegated responsibility for:

- Executive and Board appointments, pay and succession planning; and
- Board performance review process.

***Treasury and Investment Committee***

The Treasury and Investment Committee is responsible for the oversight of:

- The structure of funding arrangements;
- Raising new finance and liquidity management;
- Loan portfolio risk management;
- Management of the security portfolio;
- Budget and business plans; and
- Reviewing the Group pension investment strategy.

## **BOARD REPORT (continued)**

### **Executive Board and Service Contracts**

The Executive Board are set out on pages 5 to 6. The Executives hold no beneficial interest in the Group's shares and act within the authority delegated by the Group Combined Board under defined terms of reference.

The Executives are employed on similar terms to other staff, except for an entitlement to car allowances and health care insurance. The Chief Executive is provided with a company car.

The Executive Directors are members of the Radian Group Pension Scheme (RGPS) and they participate in the sections of the Scheme on the same terms as all other employee members of those sections. The Group contributes to all sections of the Scheme on behalf of its employees.

Group insurance policies, together with an additional NHF Certificate of Liability Insurance, indemnify Board Members and Officers against liability when acting for the Group or relevant subsidiaries.

### **Resident Involvement**

The Group actively encourages residents' involvement in decision making.

- The Housing, Assets and Customer Services Panel allows residents to review performance and service delivery and monitor outcomes;
- A resident scrutiny group evaluates Radian's services and makes recommendations to the Executive Board;
- The Panel uses a combination of face-to-face and online meetings to develop local initiatives and improve customer satisfaction; and
- Various other forums and panels including the Health and Wellbeing Forum and Community Safety Panel enable residents to help shape our services.

### **Governance and Regulation**

The Group's operations are carried out in accordance with the Housing Acts and other applicable law. The Group Combined Board adopts the NHF Code of Conduct 2012 on behalf of the Group and the NHF Code of Governance 2015 on behalf of the RP entities within the Group.

Compliance with the HCA's Regulatory Framework is monitored by the Audit and Risk Committee which provides assurance to the Board. The Board certifies that the Group is compliant with all regulatory standards and, specifically, the Governance and Financial Viability Standard. The HCA reconfirmed Radian's regulatory rating for governance and viability as G1 and V1 respectively in December 2016.

The Group Combined Board expects the Group's Board and Committee members, involved residents, staff and contractors, to comply with the Radian Code of Conduct, which is based on a model provided within the NHF Code of Conduct. Having conducted an appropriate internal compliance review, the Group Combined Board considers that each of the RP entities is fully compliant with both the Governance Code and the Code of Conduct.

A statement of compliance is published on Radian's website and all Group Boards consider their effectiveness annually.

**BOARD REPORT (continued)**

**Internal Control and Risk Management**

As part of its remit to oversee Group affairs the Group Combined Board acknowledges its ultimate responsibility for establishing and maintaining a Group-wide system of internal control that is appropriate to the various business environments in which it operates and for reviewing the effectiveness of those controls. These controls are designed to give reasonable assurance in respect of the:

- Reliability of financial and operational information used within the Group or for publication;
- Maintenance of proper accounting records;
- Safeguarding of assets against unauthorised use or disposal; and
- Management of risks against the achievement of Group strategic and business objectives.

The Group Combined Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. In meeting its responsibilities, the Group Combined Board has adopted a risk-based approach to internal controls that are embedded within the normal management and governance processes. This approach, consistent with past practice, includes the regular evaluation of the nature and extent of risks to which the Group is exposed and in regularly scanning the external environment.

The process adopted by the Group Combined Board to review the effectiveness of our internal controls and the key elements of our control framework includes:

***Identification and evaluation of key risks***

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The process is coordinated through a regular reporting framework by the Audit and Risk Committee and the Group Combined Board. The Executive Board regularly considers reports on the significant risks facing the Group and the Director of Corporate Services reports to the Group Combined Board on any significant changes affecting key risks. In addition, the Treasury and Investment Committee continually reviews financial risk and advises the Board accordingly. The Board formally reviews strategic and financial risk at least once every year.

***Monitoring and corrective action***

A process of Group-wide control self-assessment culminating in an annual self-assessment sign off by the Executive Board and regular management reporting on control issues provides assurance to the Group's Boards. This includes a formal procedure for ensuring that corrective action is taken in relation to any significant control issues. The Group uses an outsourced internal audit function to monitor internal controls and identify any weaknesses.

***Control environment and control procedures***

The Group Combined Board has responsibility for a defined range of issues covering Group strategy, performance, finance and compliance. There are clearly defined levels of responsibility and delegated authority.

There is a broad framework of policies and procedures with which all employees must comply and which covers areas such as segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. A framework for employees' individual objectives and appraisal supports achievement of good standards of performance.

**BOARD REPORT (continued)**

**Internal Control and Risk Management (continued)**

***Information and financial reporting systems***

Forecasts and budgets are prepared which allow the Board and Management to monitor the key financial objectives and progress towards achieving financial plans set for the year and the medium term. Regular management accounts and reports on financial performance, together with KPIs for service standards and progress against operational plans are prepared, providing regular up-to-date financial and other information with significant variances investigated and reported as appropriate.

***Audit and Risk Committee***

The Audit and Risk Committee reviews the annual internal and external plans and reports and meets with the auditors to satisfy themselves that the internal control systems are operating effectively. The Audit and Risk Committee reviews the major risks at every meeting. In turn, the Committee Chair reports to the Group Combined Board at each of their meetings.

***Fraud, bribery, money laundering and whistleblowing***

A Group-wide fraud prevention policy and response plan are in place and all incidents are reported to the Audit and Risk Committee and recorded in a register which is reviewed annually. The policy covers prevention, detection and reporting of fraud and the recovery of assets. The Audit and Risk Committee has reviewed the fraud register on behalf of the Group Combined Board. A Group whistleblowing policy is in place and there are controls to mitigate the risk of bribery and money laundering.

The internal control framework and the risk management process are subject to periodic review by internal auditors who are responsible for providing independent assurance to the Audit and Risk Committee which in turn reports to the Group Combined Board.

**Review of Effectiveness of Internal Control**

The Group's Boards and KPMG, our internal auditors, confirm the effectiveness of our internal control systems to manage the achievement of the Group's objectives for the 12 months ended 31 March 2017.

**Health, Safety and Wellbeing**

The Group has detailed health, safety and wellbeing policies and procedures which are managed to protect our employees, visitors, contractors, residents and members of the public from harm. We also provide staff with training and education on health, safety and wellbeing matters.

There is quarterly KPI reporting on safety management compliance to the Audit and Risk Committee and to the Group Combined Board.

**BOARD REPORT (continued)**

**Going Concern**

After making enquiries the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The Association's budget and business plan, which take into account the current uncertain economic climate and expected trading conditions, show that it will be able to operate within its current facilities and comply with its banking covenants for the foreseeable future.

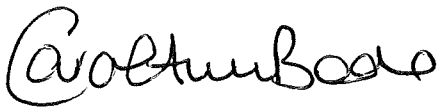
**Auditor**

In the case of each of the persons who are Members of the Association at the date when this report is approved:

- So far as each of the Members is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Association's auditor is unaware; and
- Each of the Members has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information (as defined) and to establish that the Association's auditor is aware of that information.

A resolution to appoint BDO LLP will be proposed at the forthcoming Annual General Meeting.

The Board Report was approved by the Board on 27 July 2017 and signed on its behalf by the Chair.



**Carol Bode**  
Chair

## **STRATEGIC REPORT**

### **Our Business Model**

The Association's principal activity is the provision, management and maintenance of quality, cost-effective accommodation for people in housing need. Housing properties are let at rents that are affordable to tenants.

The majority of the Association's housing inventory is managed by The Swaythling Housing Society Limited which is the managing agent for the majority of Radian Group's housing inventory. It has been subject to a programme of repair and all of the homes we own have been maintained to a good standard.

The Association owns (or has an investment in) and manages (through its managing agent) 5,312 (restated 2016: 5,417) properties in 12 local authority areas predominantly in Hampshire, Surrey, West Sussex and Berkshire. 85% (2016: 84%) of the properties are concentrated in Windsor and Maidenhead.

Of the 4,997 housing properties (restated 2016: 5,121), 61% (restated 2016: 61%) of the homes are social rent general needs and affordable rent general needs accommodation and a further 10% (restated 2016: 11%) are social rent supported housing and housing for older people. 2% (2016: 2%) of the homes are affordable home ownership and the balance is care homes, other social, social leased and market rent housing and properties managed for others.

The Association employed an average of 20 full time equivalent employees during the year (2016: 28). Operations for the Association are run from Windsor's head office in Windsor.

The Association measures its performance primarily by monitoring the KPIs set by the Group Combined Board which are scrutinised by the Housing, Assets and Customer Services Panel and the Residents' Council. We have a combination of financial and operational targets for performance in areas that include rent arrears, rent losses from voids and bad debts, customer satisfaction and repairs. Our performance is subject to regulation by the HCA and our loan covenants are agreed with our lenders.

### **Future Developments**

The Group's collective strategy is to secure opportunities and funding to enable us to develop more homes in our chosen markets within target areas. We plan to build at a rate which does not threaten our financial viability and are currently planning to deliver an average of 600 new homes a year.

Under our current structure the majority of new homes will be built by the non-charitable RPs, financed by sales of existing homes to Portal Housing Association Limited. The Group will finance purchases of homes through cash reserves and bond issues.

Under the Government's rent reduction policy announced in July 2015, we were required to reduce the majority of our rents by 1% in each of the subsequent four years. To mitigate the impact of this reduced income we have identified cost savings of £12m to be achieved by 2019/20, which is the last year of the rent reduction. As a result, our projections show that we will continue to improve our operating margins throughout the period of rent reduction.

We forecast business performance and remodel our business plan twice a year or more often if there are significant changes in our regulatory and economic environment. We review the underlying assumptions regularly to ensure that they are appropriate.



## **STRATEGIC REPORT (continued)**

### **Future Developments (continued)**

We stress test the model to assess the financial impact of the following major risks to the organisation:

- Further rent reductions using a number of multi-variate scenarios to test our sensitivity to these;
- Increased voids and arrears in light of welfare reforms;
- Increases in inflation and interest rates; and
- Increased exposure to market sales and a fall in the percentage of first tranche sales.

The business models and stress testing are reviewed, along with mitigating actions, to ensure that we can continue to develop new homes.

The future impact of Voluntary Right to Buy has been considered as the programme will initially generate a positive inflow of cash. We are considering how we will overcome the future challenge of replenishing diminishing stock.

### **Our Vision and Strategic Goals**

Our day-to-day activities are underpinned by a clear understanding of what we want Radian to be in the future as outlined in our 'Vision 2025'.

Customers - Our customers in 2025 tell us that we provide great homes they want to live in. We aim:

- To have a broad customer base;
- To truly understand our customers' needs and requirements;
- For our customers to benefit from the development of our digital offer;
- For our customers to be able to build equity in their homes; and
- For our market rent customers to continue to enjoy the flexibility of renting as a long-term option.

Partners - Our partners in 2025 tell us that we are great to work with and add value. We aim:

- To work with our partners to build homes of all tenures;
- For our employees to drive our business success through innovation, flexibility and commitment to customer satisfaction and be partners in everything we do;
- To have strong relationships with all regional stakeholders;
- To have successfully merged with others; and
- To bring expertise and clarity to our partnerships.

Homes - Our homes in 2025 are distinctive and sought after. We aim:

- To double our size;
- To complete 2,000 new homes in 2025 including 300 outright new builds;
- To offer a range of tenures across all of our homes;
- To own or manage a large stock of market rent homes;
- To retain 75% of our homes as social rent homes;
- To provide low cost rented products;
- For our homes to be distinctive, sought after and tailored to our different customers and markets;
- To continue to modernise our older homes;
- To ensure that most of our new homes will be built by us on land we purchase for development;

## STRATEGIC REPORT (continued)

### Our Vision and Strategic Goals – Homes (continued)

- For our new homes to be energy efficient and smarter; and
- To ensure that Affordable Home Ownership will constitute a much larger proportion of our management portfolio.

*Services* - Our services in 2025 are rated by customers to be best in class. We aim:

- To have a clear focus on an efficient modern, digital service delivery;
- To provide locally-based services that in turn create successful, prosperous and vibrant communities;
- To facilitate customers mobility by helping them move home or by improving their current homes;
- For all our services to be associated with quality; and
- To be digitally accessible, enabling increased self-service for our customers.

*Geography* - Our geography in 2025 will have extended across the South. We aim:

- To extend our activities from west of the M25 and M40 to east of the M5 and south of a line from Oxford to Gloucester; and
- To continue to strengthen our offer locally for customers and partners.

### Strategic Plan 2017-20

This Vision will be delivered by the achievement of our internal strategic objectives which focus on the next three years but are updated annually to remain relevant to the business. The Strategic Plan is interlinked with a transformation plan which has four success factors:

*Customer* - Our customers tell us that we provide great homes they want to live in and our services are highly rated:

- Redefined standards of service and customer relationships for all tenures and markets;
- Digital and mobile technology to enhance customer experience and reduce service costs;
- New online customer services; and
- Top-quartile customer satisfaction and income collection sustained while also increasing turnover and reducing our costs.

*Property* - Our homes are sought after and our partners tell us that we are great to work with and add value with our:

- New in-house estate management service for mixed tenure schemes;
- SMART. portfolio management service for corporate investors;
- Established Radian Build property development contractor;
- New homes that are connected, serviced more easily and which are more efficient;
- Better homes which are developed more cheaply due to competitively priced construction and land supply which will include using modular construction solutions;
- Wide range of homes and choice of tenure across an extended geography in accordance with agreed targets for profit and yield; and
- Asset management assumptions which favour stock retention.

*People* - We are talented and Radian is a great place to work with:

- Engaged people who deliver the change we need to succeed and continue to improve;
- A modernised approach to manage and recognise performance; and
- Appropriate change initiation and management.

**STRATEGIC REPORT (continued)**

**Strategic Plan 2017-20 (continued)**

*Commercial* - We are efficient and we generate surpluses which are reinvested in new products and services with:

- An updated merger strategy which we plan to have implemented;
- Competitive funding secured for growth beyond 2020;
- A brand known for quality;
- Clear about the financial contribution of each part of Radian; and
- We will have reviewed, simplified and established slicker processes to improve decision making and improve business intelligence.

**Principal Risks and Uncertainties**

Radian has a published risk management framework which sets out how corporate risk is considered, assessed and mitigated through the organisation’s hierarchy, from project level, to senior management and the Executive and Group Combined Boards.

Radian’s Risk Manager meets with our senior management in each business area at least three times a year to review the risk register of operational and strategic risks. A consistent approach is applied in regard to scoring risks before and after mitigating actions are taken, new controls are implemented and tracked until they are operating effectively. The results of our risk reviews are reported to Radian’s Audit and Risk Committee three times per year and top-level strategic risks are reported and reviewed by the Group Combined Board.

The following is a summary of the principal risks identified:

<b>Nature of risk</b>	<b>Impact</b>	<b>Mitigations include</b>
IT systems fail, are compromised or are subjected to unauthorised use or malicious attacks with potential for reputational damage	Disruption to Radian's business caused by major disaster, hardware or communications failure and/or power, air conditioning or other facilities-related issues. Viruses, phishing or malware attacks, unauthorised users or inappropriate use by staff causing failure of IT systems, impacting revenue collection, integrity and security of data, service delivery or customer confidence.	Extensive network security in place including Cisco firewalls, anti-virus, endpoint security, enhanced network management, purpose built corporate datacentre with offsite failover and backup services, cloud-based filtering for email and web, encryption and management of all mobile devices and two- factor authentication for remote users. Other controls include documented change management, planned upgrades with robust testing, appropriate maintenance and support contracts, effective supplier relationships, systems and service management with ITIL trained staff and up-to-date business continuity and disaster recovery plans which are tested regularly.
Failure to deliver our planned development programme	Failure to deliver the planned development programme, to achieve compliance with agreed standards or within planned resources.	Rigorous development control processes with effective management oversight of programme delivery. Proactive project management with Executive and Group Combined Board oversight.

**STRATEGIC REPORT (continued)**

<b>Nature of risk</b>	<b>Impact</b>	<b>Mitigations include</b>
Transformation programme	Loss of business focus during implementation of our transformation programme, failure to adopt appropriate behaviours to implement change and innovate. Disengagement of staff and/or reputational damage due to poor communication of changes.	Oversight of Radian's transformation programme by a steering committee comprising non executive and executive members. It is delivered by a dedicated director who works closely with the Learning and Development Team. A new induction programme is in place together with a change management toolkit. Staff at all levels play an active role in the transformation process. A strong communications team is in place to support transformation communication.
Changes in legislation or regulation jeopardise our cash flow	Changes in rent regulation, welfare benefits or accounting standards jeopardise cash flow and cost saving measures.	Senior finance staff maintain awareness of sector change with advice from auditors and other sector experts. Assessment of the impact of changes using modelling and regular forecasting and analysis of financial outturn. Increased staffing within the Housing Income Team are helping to address these increased pressures. Stress testing of our business plan has considered the impact of further rent cuts beyond 2020 and has identified mitigating actions.
Breach of HCA funding conditions	Inability to use government funding as a result of failure to meet milestones or inadequate oversight of projects and programmes.	Rigorous development control processes with effective management oversight of programme delivery. Quarterly meetings are held between our development consortium and the HCA monitor the progress of our development programme.
Relationships with key stakeholders	Missed opportunities or diminished reputation due to failure to maintain a strong and positive relationship with key stakeholders, including local and national government.	Radian liaises with local authorities, is a member of key NHF working groups and engages with other consortium partners to try and influence government agenda.
Increased arrears and lost revenue due to changes in government policy	Failure to achieve top quartile performance for percentage net rent collection.	Radian has a rolling action plan to manage our response to welfare reform and the introduction of Universal Credit. It is reviewed monthly and updated regularly to reflect the progress of its rollout. We have appointed a dedicated officer and have reviewed internal procedures to minimise the risks around under-occupation and affordability for residents, particularly when considering new development schemes. We have organised awareness campaigns to ensure residents are aware of the changes and our Employment, Support and Training (EST) Team continue to take referrals for those looking to be supported into work.

**STRATEGIC REPORT (continued)**

<b>Nature of risk</b>	<b>Impact</b>	<b>Mitigations include</b>
Radian Build becomes inefficient as a result of insufficient and untimely land supply	Insufficient workflow prevents the recovery of overhead costs resulting in financial loss.	Radian Build schemes are sourced by our Land Supply Team and are currently priced in advance on a prime cost contract basis, backed by competitive procurement. The Executive Board monitors Radian Build's progress against our business plan.

**Budgets and Business Plans**

The members of the Group Combined Board ensure that the Group's subsidiaries act in their own interest while also contributing positively to the results of the Group as a whole.

**Financial Performance**

Our budget strategy requires the business:

- To increase its operating margin for housing annually which in turn increases its capacity to obtain additional funding to build an average of 600 new homes a year; and
- To ensure that the main trading entities within the Group achieve a surplus before tax.

**Growth**

The business aims to grow by adding more homes at a rate which sustains its financial viability. Aside from developments that are earmarked specifically for sale our default strategy is to 'build and hold' property for a period of 30 years.

**Capital and Treasury Management**

The Group is financed by a combination of revenue reserves, long-term loan facilities, bond finance and Social Housing Grant received from government.

The Association has a standalone swap arrangement to pay fixed and receive floating interest to and from fellow Group undertaking The Swaythling Housing Society Limited.

Radian has a Group-wide treasury policy with tests that apply to the Group as a whole. The policy requires the Group to maintain a minimum level of liquidity such that there is sufficient cash and committed loan facilities capable of immediate drawdown to cover the next six months' forecast cash requirement. The Group must also have sufficient cash and committed loan facilities, though not necessarily capable of immediate drawdown, to cover the higher of committed development spend and the next 18 months forecast cash requirement. The policy also prioritises a lack of reliance on any one counterparty, whether through cash holdings or available facilities.

**STRATEGIC REPORT (continued)**

**Financial Review**

Turnover has decreased 0.4% to £27.7m from £27.8m primarily as a result of a £0.4m decrease in social housing lettings turnover. The first of four annual 1.0% rent decreases were applied to the applicable tenancies from 1 April 2016 in accordance with government policy.

Our target for the year was to keep rent losses from voids in line with the previous year. The Association's rent losses improved to 0.6% from 0.8% in the prior year. Overall rent arrears increased marginally to 1.7% (2016: 1.6%).

Operating costs have decreased by 8% to £16.6m (2016: £18.1m) primarily due to a reduction in social housing operating costs from £17.2m to £14.8m.

Finance costs have decreased by 3% to £3.3m due to lower interest costs as £2.9m of loans and borrowings have been repaid during the year.

**Fixed Assets and Funding**

The Association's investment in fixed assets has fallen to £164.7m (restated 2016: £168.1m). The fixed asset investment is funded by £103.9m of loans and borrowings (2016: £106.8m), £37.7m deferred capital grant (2016: £39.9m) and £41.5m of revenue reserves (2016: £33.5m).

At 31 March 2017 the Association owned (or had an investment in) 4,356 completed housing properties (restated 2016: 4,477). These properties were carried in the Statement of Financial Position at a net book value of £162.1m (2016: £164.9m).

The Board appointed professional valuers to value the Association's completed housing properties and investment properties as at 31 March 2017 and at that date the value of the housing properties on an existing use valuation - social housing basis was £270.4m (2016: £272.1m) and the value of investment properties as determined by the market value method was £9.9m (restated 2016: £7.8m).

<b>Financial Key Performance Indicators</b>		<b>Restated</b>
	<b>2017</b>	<b>2016</b>
Turnover (£'m)	27.7	27.8
Turnover from Social Housing as % of total revenue	96%	97%
Surplus from Social Housing lettings as % of finance costs	358%	289%
Operating margin	80%	58%
Net margin	37%	12%
Debt (net of cash) as % of total assets (net of cash)	48%	53%
Debt as a multiple of revenue	3.8	3.8

The Strategic Report was approved by the Board on 27 July 2017 and signed on its behalf by the Chair.



**Carol Bode**  
Chair

## VALUE FOR MONEY

### Value for Money (VfM) – An Integral Part of Our Business

We aim to provide quality services that represent value for money. In order to fulfil our regulatory obligations we publish our VfM statement on our website every September. That statement provides full details of our performance, cost, return on assets, VfM delivered to date and our future plans. Our website also contains our VfM strategy 2016-20 which is a vital component of our Vision 2025.

As part of their annual global accounts review, the HCA track the cost performance of Registered Providers, excluding any income collected, against the sector median. Radian's total cost per unit in 2015/16 was £3,880 against a sector median of £3,550 and a top quartile of £4,430. To ensure that our cost base remains appropriate in light of unprecedented welfare reform, the Group Combined Board carried out a VfM 'zero based budget' review during the year.

This process identified £12m of financial over-performance against our 2015/16 budget as a baseline. We expect to deliver this improvement in our surpluses by March 2020. Each department will contribute by reducing overheads and service costs and by creating efficiencies through greater collaboration and innovation. The 2016/17 budget incorporated planned VfM savings of £4.9m towards the 2020 target of £12m.

2016/17 saw a range of VfM activity, for example:

- A series of changes to the structure of our housing management function which resulted in improved income collection and a 14% saving in costs, which equated to £2.3m;
- A review of our void management approach which reduced cost and void loss and improved overall void turnaround time; and
- A range of reviews to reduce our overheads which included restructuring our finance and corporate services functions.

### Housing Management Performance

Radian's net rent arrears reached their lowest ever position of 1.5% (Windsor: 1.7%) at 31 March 2017, in spite of welfare reform. Income collection remained very strong for the Group as a whole at 100.3% and the Association collected 99.9% of its rent debit. Our Group void loss improved to 0.67% and was 0.91% for the Association.

We secured HouseMark accreditation for the high quality of our response to anti-social behaviour, our domestic abuse service and our Customer Service Centre approach.

### Service Satisfaction

Customer satisfaction continued to improve in 2016/17 in spite of cost savings. Our residents in rental accommodation reported top-quartile satisfaction and home owners' satisfaction was in the top ten percent.

- Our customer's overall satisfaction with Radian increased from 83% in 2014/15 to 86% in 2016/17. Windsor's overall satisfaction score was 84.5%. The Group's Net Promoter Score, which is an external customer experience benchmark, increased nine points from 15 to 24 in the year;
- Tenant satisfaction with our landlord service increased from 87% in 2014/15 to 88% in 2016/17. Windsor's score was 87.2% and the Group's Net Promoter Score has risen from 24 to 29 in the last year; and

## VALUE FOR MONEY (continued)

### Service Satisfaction (continued)

- Home owners' satisfaction scores have improved significantly since 2014/15 which reflects our investment in this service in recent years. Satisfaction with the overall landlord service increased from 69% in 2014/15 to 74% in 2016/17 and was 67% for the Association. The Group's Net Promoter Score improved from -22 to -2 over the course of the year. Our affordable home ownership satisfaction results are the highest among our peers.

### Our Community Investment Offer

Our community investment programme centres on activities that will sustain our revenue stream and minimise long-term management costs. We focus on neighbourhoods that need intensive work and run projects and initiatives aimed at improving wellbeing in socially isolated areas that are most affected by welfare reform.

We helped establish the Men's Matters charity in Windsor's housing area in an effort to reduce social isolation among men aged over 50. The charity provides support and activities for men struggling with health problems and life-limiting illness.

Radian's Employment Support and Training programme supports residents to gain employment and access training opportunities. We offer residents practical help to write CVs and gain interview and presentation skills. We also work with them to boost their confidence and self esteem.

Since April 2012 Radian's Group wide Employment Support and Training programme has helped 531 people into employment and given 1,658 people access to training opportunities.

In 2016/17 the Association has focused on hard to reach customers at risk of welfare reform:

- 14 individuals have been supported into employment;
- 41 individuals have been given training opportunities; and
- 26 individuals have been coached to prepare CVs.

### Building New Communities

During the year Windsor started on site at our Hanover Way development that will ultimately deliver 43 homes - 35 rent to buy and eight affordable home ownership homes - in an area of high demand where affordable access to home ownership is limited. We also continue to develop, subject to planning approval, 25 homes at Castle Farm in Dedworth.

### Measuring our return on assets

We measure our financial return on our own interest in our social housing assets after deducting government grant and loans. It has improved from 8.4% in 2015/16 to 10.4% in 2016/17. This measure takes into account that a large proportion of our investment has been borrowed from lenders. Our investment is the reserves that we have accumulated over the years by retaining our surpluses. Our return will fall as interest rates rise and our borrowing costs increase.



## STATEMENT OF THE BOARD'S RESPONSIBILITIES

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

Registered Society law and registered provider legislation in the United Kingdom requires the Board to prepare financial statements for each reporting period which give a true and fair view of the state of affairs of the Association at the end of the year and of the surplus or deficit of the Association for the year then ended.

In preparing these financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP) 2014, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Housing SORP 2014, the Accounting Direction for Social Housing in England from April 2015, the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Housing SORP 2014.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINDSOR AND DISTRICT HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Windsor District Housing Association Limited for the year ended 31 March 2017 which comprise the association statement of comprehensive income, the association statement of financial position, the association statement of changes in reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's Members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's Members as a body for our audit work, for this report or for the opinions we have formed.

***Respective responsibilities of the Board and auditors***

As explained more fully in the statement of Board Member responsibilities, the Board Members 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

***Scope of the audit of the financial statements***

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

***Opinion on financial statements***

In our opinion the financial statements:

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINDSOR AND DISTRICT HOUSING ASSOCIATION LIMITED (continued)**

***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- The information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- Adequate accounting records have not been kept by the Association; or
- A satisfactory system of control has not been maintained over transactions; or
- The Association's financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.



BDO LLP, statutory auditor  
Gatwick, West Sussex  
United Kingdom  
20 August 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 March 2017**

	Note	2017 £'000	Restated 2016 £'000
Turnover	3	27,693	27,804
Operating costs	3	(16,568)	(18,115)
Surplus from disposal of fixed assets	3	11,125	6,505
<b>Operating surplus</b>	3	<b>22,250</b>	<b>16,194</b>
Finance income	4	42	258
Finance costs	5	(3,292)	(3,390)
Fair value loss on financial instruments	27	(110)	(625)
Fair value gain/(loss) on investment properties	27	1,329	(412)
Distributions from joint venture	14	150	350
Gift aid	6	(10,000)	(9,000)
<b>Surplus on ordinary activities before taxation</b>	7	<b>10,369</b>	<b>3,375</b>
Taxation on surplus	8	(474)	684
<b>Surplus on ordinary activities for the year</b>		<b>9,895</b>	<b>4,059</b>
<b>Other comprehensive income</b>			
Actuarial losses on defined benefit pension schemes	23	(1,900)	(491)
<b>Total comprehensive income</b>		<b>7,995</b>	<b>3,568</b>

See relevant notes to the financial statements for details of restatement of 2016 comparatives.

All activities derive from continuing operations.

The notes on pages 29 to 63 to form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**

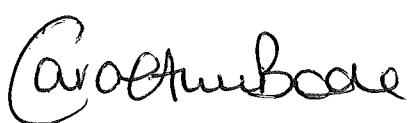
As at 31 March 2017

	Note	2017 £'000	Restated 2016 £'000
<b>Fixed assets</b>			
Housing properties	11	151,644	156,470
Other fixed assets	12	1,413	2,008
Investment properties	13	10,442	8,381
Investments	14	1,195	1,195
		<b>164,694</b>	<b>168,054</b>
<b>Current assets</b>			
Properties for sale	15	455	142
Receivables	16	15,228	9,106
Cash		16,782	10,467
Short term investments		-	5,000
		<b>32,465</b>	<b>24,715</b>
Payables: amounts falling due within one year	17	(8,807)	(9,141)
<b>Net current assets</b>		<b>23,658</b>	<b>15,574</b>
<b>Total assets less current liabilities</b>		<b>188,352</b>	<b>183,628</b>
Payables: amounts falling due after more than one year	18	(101,250)	(104,615)
Deferred capital grant falling due after more than one year	19	(37,237)	(39,382)
Provisions for liabilities	22	(723)	(250)
Pension liability	23	(7,642)	(5,876)
<b>Net assets</b>		<b>41,500</b>	<b>33,505</b>
<b>Capital and reserves</b>			
Share capital	24	0	0
Revenue reserve		41,500	33,505
<b>Association's funds</b>		<b>41,500</b>	<b>33,505</b>

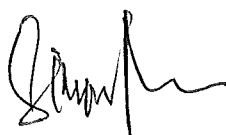
See relevant notes to the financial statements for details of restatement of 2016 comparatives.

The notes on pages 29 to 63 to form part of these financial statements.

The financial statements of Windsor and District Housing Association Limited, Registered Society number 27877R, on pages 26 to 63 were authorised by the Board on 27 July 2017 and signed on its behalf by:



**Carol Bode**  
Chair



**Simon Porter**  
Board Member



**Malcolm Rule**  
Secretary

WINDSOR AND DISTRICT HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN RESERVES**

	Share capital £'000	Revenue reserve £'000	Total £'000
At 1 April 2015	0	29,937	<b>29,937</b>
Surplus on ordinary activities for the year	-	4,059	<b>4,059</b>
Actuarial losses on defined benefit pension schemes	-	(491)	<b>(491)</b>
At 31 March 2016	0	33,505	<b>33,505</b>
Surplus on ordinary activities for the year	-	9,895	<b>9,895</b>
Actuarial losses on defined benefit pension schemes	-	(1,900)	<b>(1,900)</b>
Shares issued during the year	0	-	<b>0</b>
Shares cancelled during the year	0	-	<b>0</b>
<b>At 31 March 2017</b>	<b>0</b>	<b>41,500</b>	<b>41,500</b>

The notes on pages 29 to 63 to form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**1. LEGAL STATUS**

The Association is registered with the FCA under the Co-operative and Community Benefits Society Act 2014 and is regulated by the HCA as a social housing provider.

**2. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in the current year and in the prior year comparatives in dealing with items which are considered material in relation to the Association's financial statements.

**Basis of preparation**

The financial statements of the Association have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. This is the second year in which the financial statements have been prepared under FRS 102. The financial statements are presented in pounds sterling and have been prepared on the historical cost basis except for a modification to amortised cost or a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

**Going concern**

The financial statements have been prepared on a going concern basis, details of which can be found in the Board Report on page 13.

**Disclosure exemptions**

The Association has taken advantage of the following disclosure exemptions under FRS 102 paragraph 1.12(b) on the basis that they are included in the consolidated financial statements of the ultimate parent company, Radian Group Limited:

- Statement of cash flows;
- Remuneration of key management personnel; and
- Detailed financial instruments disclosures.

**Related parties**

As a subsidiary of its parent, Radian Group Limited, whose results and balances are included in the consolidated financial statements, the Association has not disclosed transactions or balances with entities which form part of the Group and which are also Registered Providers.

**Turnover**

Turnover represents rental and service charge income (net of void losses) fee income and revenue grant receivable, proceeds from first tranche sales and from sales of outright new build properties at the point of completion. Turnover also includes the amortisation of capital grant in accordance with FRS 102. Deferred capital grant is released over the life of the asset structure.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**2. ACCOUNTING POLICIES (continued)**

**Turnover (continued)**

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and outright new build sales is recognised at the point of legal completion of the sale. Other income is recognised as receivable on the delivery of services provided.

**Cost of sales**

Cost of sales relates to first tranche and outright new build sales and represents those costs, including direct overheads and other incidental costs, incurred during the course of development, construction and marketing of those properties.

**Service charges**

Our service charges are predominantly variable. The charges will include an allowance for the surplus or deficit from previous years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors.

**Value Added Tax (VAT)**

The Association is part of a VAT registered group, but a large proportion of its income, namely rent, is exempt for VAT purposes and thus gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is shown in the statement of comprehensive income.

**Jointly controlled entities**

Interests in jointly controlled entities are accounted for using the cost model of accounting. The equity investment is recognised at cost less any accumulated impairment losses. Distributions received are recognised as income.

**Deferred capital grant**

Deferred capital grant, predominantly Social Housing Grant, is initially recognised at fair value as a long term liability and is released as turnover in the statement of comprehensive income over the life of the structure of housing properties. Social Housing Grant is transferred to the Recycled Capital Grant Fund until the grant is reinvested in a replacement property or repaid, reflecting the existing obligation under the Social Housing Grant funding regime. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released to the statement of comprehensive income.

**Donated land**

Land donated by local authorities and others for social rent usage is added to the fixed asset register at zero cost.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**2. ACCOUNTING POLICIES (continued)**

**Cyclical repairs and maintenance**

The actual costs of cyclical repairs and maintenance are charged to the statement of comprehensive income as incurred.

**Affordable home ownership transactions**

Affordable home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sale proceeds included in turnover. The remaining staircasing element is included in completed housing property at cost. Subsequent staircasing sales are treated as surplus on disposal of fixed assets. Deficits on schemes are recognised as soon as they are foreseen.

**Outright new build properties**

Completed properties and properties under construction are valued at the lower of cost and estimated selling price less costs to complete and sell and are classified as current assets. Cost comprises materials, direct labour and direct development overheads.

**Fixed assets - Housing properties**

Housing properties are held at cost less depreciation. Cost includes acquisition expenditure, development costs and directly attributable administration costs. Housing properties are split between the structure and major components which require periodic replacement. Replacement or restoration of such major components is capitalised and depreciated over the average estimated useful life. Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when handed over for letting or sale. Affordable home ownership properties are split proportionately between fixed and current assets based on the proportion of the share of equity sold in the first tranche.

**Investment properties**

Investment properties are commercial properties and other properties not held for social benefit or use in the business, instead held for investment potential or capital appreciation. Investment properties are measured at cost on acquisition or initial recognition and subsequently revalued at the year end with changes recognised in income and expenditure. Details of the valuers and the basis of valuation adopted are included in note 13.

**Critical judgments, estimates and uncertainty**

Preparation of the financial statements requires management to make the following significant judgments and estimates:

***Impairment review***

Estimates have been made in the impairment review of social housing properties affected by the rent reduction - see our impairment policy.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**2. ACCOUNTING POLICIES (continued)**

***Classification of loans***

Fixed rate loans could be repaid early and the fixes could be broken. This would involve paying a premium to lenders or the lenders paying a discount to us depending on the prevailing interest rate as there are two-way break clauses in our loan agreements. Since we have no current intention to repay any of these loans early by breaking the fixes, we have exercised professional judgment in classifying these loans as 'basic'. In light of the requirements and criteria set out in FRS 102 and given our intention and forecasted ability to hold all of these loans to maturity, we consider classification of the loans as 'basic' to be appropriate, and recognition at amortised cost to be a fair representation of our liabilities.

***Defined benefit pension obligations***

Financial and actuarial assumptions underlying accounting estimates of the Association's defined benefit obligations are informed by actuarial advice, based on best estimates according to scheme duration and applied consistently across accounting periods.

***Capitalisation of property development costs***

The estimate of anticipated costs to complete a development scheme is determined by a qualified surveyor. Judgment is involved in determining the appropriate allocation of costs for mixed tenure developments and the subsequent allocation of costs relating to affordable home ownership between current and fixed assets.

***Intercompany recharges***

The allocation of management expenditure to providers within the Group is determined by a range of factors including the number of homes under management and the level of the organisation's development activity.

***Fair value measurement***

The Association uses external professional advisers to determine the fair value of financial instruments and investment properties. The fair value of financial instruments is based on quoted prices and investment properties are valued using a yield methodology based on market rental values discounted to present value and with reference to sales activity in the local area.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**2. ACCOUNTING POLICIES (continued)**

**Depreciation**

***Freehold buildings and components***

Depreciation is provided to write off the cost to estimated residual value on a straight line basis over the estimated useful economic life of assets at the following annual rates:

- Structure – 100 years
- Boilers – 15 years
- Kitchens – 20 years
- Photovoltaics – 20 years
- Bathroom – 30 years
- Heating – 30 years
- Windows – 30 years
- Sheltered Housing – 50 years

***Other fixed assets***

Depreciation is charged on a straight line basis over the expected useful lives of the assets at the following annual rates:

- Freehold premises – 50 years
- Office equipment – 3 to 5 years
- Office furniture and development equipment – 10 years
- Motor vehicles, yard plant and machinery – 4 years

Leased property depreciation is charged on a straight line basis over the period of the lease.

**Impairment**

At each reporting date the Association assesses whether an indicator of impairment exists. If such an indicator exists, assets affected are subject to an impairment review and the recoverable amount of the asset or cash generating unit is estimated (the higher of value in use, fair value less costs to sell and value in use – service potential). Value in use - service potential is represented by depreciated replacement cost which is the lower of rebuild cost and the estimated price of an asset with equivalent service potential on the open market, adjusted for depreciation. In practice, depreciated replacement cost is rebuild cost given the lack of data available on equivalent assets in the open market.

An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. This impairment loss is charged and disclosed as a separate line within operating expenditure where it is considered to be material.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**2. ACCOUNTING POLICIES (continued)**

**Pensions**

The Association's pension arrangements comprise two defined benefit schemes and a defined contribution scheme.

For the defined contribution scheme the amount charged to income and expenditure in respect of pension costs is the employer contribution payable in the year.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period, benefit changes and settlements. They are included within staff costs. The net interest cost on the net defined benefit liabilities is included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with assets of the scheme held separately from those of the Association and administered by The Pensions Trust or local government in respect of the LGPS. Pension scheme assets are measured at fair value and liabilities on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each reporting date.

**Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax relating to investment properties that are measured at fair value is recognised using the tax rates and allowances that apply to the sale of the assets. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted at the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within receivables. Deferred tax assets and liabilities are offset only if the Association has a legally enforceable right to offset current tax assets against current tax liabilities.

**Financial instruments**

Financial instruments are recognised when the Association becomes a party to the contractual provisions of the instrument and are classified according to their substance.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**2. ACCOUNTING POLICIES (continued)**

**Financial assets and liabilities**

All are initially measured at transaction price, including transaction costs, unless those financial assets are classified as fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction. Fair value measurement applies to the standalone interest rate swap. Under FRS 102, if an arrangement is a financing transaction, the financial asset or liability should be measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Association's loans meet the definition of, and are classified as, basic financial instruments under FRS 102. These instruments are initially recorded at the transaction price. They are subsequently recorded at historic cost as the difference between historic cost and amortised cost is not material.

Where instruments are classified as payable or receivable within one year they are measured at an undiscounted amount of the cash expected to be paid or received within one year.

Financial assets are only derecognised when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Association transfers to another party substantially all of the risks and rewards of ownership of the financial asset or, c) the Association, despite having retained some but not all significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are only derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**Finance costs**

Finance costs are charged to income and expenditure over the term of debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs, premiums and discounts are capitalised and amortised over the life of the associated financial instrument.

**Leases**

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks or rewards of ownership of the leased assets to the entity. All other leases are classified as operating leases.

All of the Association's leases are classified as operating leases. Whether the Association is the lessee or lessor, rentals under operating leases are charged on a straight line basis over the lease term even if the payments are not made on such a basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS

	2017			Restated 2016			
	Turnover £'000	Operating costs £'000	Surplus from disposal of fixed assets £'000	Operating costs £'000	Surplus from disposal of fixed assets £'000	Operating surplus £'000	
<b>Social housing lettings</b>	26,617	(14,839)	-	11,778	26,959	(17,150)	9,809
<b>Other social housing activities</b>							
Development administration	-	(985)	-	(985)	-	(577)	(577)
Surplus from disposal of fixed assets	-	-	11,125	11,125	5	-	6,510
Charges for support services	-	-	-	-	22	(22)	-
Non-rent bad debts	-	(35)	-	(35)	-	(14)	(14)
<b>Total other social housing activities</b>	-	(1,020)	11,125	10,105	27	(613)	5,919
<b>Non-social housing activities</b>							
Market rent properties	503	(198)	-	305	468	(228)	240
Service charge income and costs	484	(482)	-	2	266	(124)	142
Other	89	(29)	-	60	84	-	84
<b>Total non-social housing activities</b>	1,076	(709)	-	367	818	(352)	466
<b>Total</b>	27,693	(16,568)	11,125	22,250	27,804	(18,115)	16,194

The 2016 Other comparative has been restated to reflect £80k of fee income previously disclosed within Finance income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

	2017				Restated 2016
	General needs housing £'000	Supported housing and housing for older people £'000	Affordable home ownership £'000	Other social housing £'000	Total £'000
<b>Turnover</b>					
Rent receivable net of identifiable service charges (net of voids)	20,238	3,520	345	374	24,477
Service charge income	905	627	107	23	1,662
<b>Net rental income</b>	<b>21,143</b>	<b>4,147</b>	<b>452</b>	<b>397</b>	<b>26,139</b>
Amortisation of capital grant	457	-	21	-	478
<b>Net turnover from social housing lettings</b>	<b>21,600</b>	<b>4,147</b>	<b>473</b>	<b>397</b>	<b>26,617</b>
<b>Operating expenditure</b>					
Service charge costs	(1,604)	(278)	(52)	(42)	(1,976)
Management	(3,144)	(545)	(102)	(83)	(3,874)
Routine maintenance	(2,440)	(423)	-	(64)	(2,927)
Planned maintenance	(778)	(135)	-	(21)	(934)
Bad debts	(83)	(14)	(3)	(2)	(102)
Major repairs expenditure	(1,938)	(336)	-	(51)	(2,325)
Depreciation of housing properties	(2,087)	(459)	(44)	(48)	(2,638)
Other costs	26	5	-	-	31
Loss on disposal of housing components	(86)	(7)	-	(1)	(94)
<b>Operating expenditure on social housing lettings</b>	<b>(12,134)</b>	<b>(2,192)</b>	<b>(201)</b>	<b>(312)</b>	<b>(14,839)</b>
<b>Operating surplus on social housing lettings</b>	<b>9,466</b>	<b>1,955</b>	<b>272</b>	<b>85</b>	<b>11,778</b>
Void losses	(174)	(44)	-	(11)	(229)
					<b>(320)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

The 2016 Turnover comparative has been restated to include £508k of Amortisation of capital grant which was previously disclosed within Other social housing activities.

The 2016 Planned maintenance comparative has been restated to reflect a net adjustment of £26k of central service recharges which is now disclosed within Major repairs expenditure.

	2017				2016	
	Right to buy	Sales to other Registered Providers	Other housing sales	Other fixed assets	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staircasing	1,149					
	(551)	1,521	11,472	173	14,315	9,076
		(86)	(2,386)	-	(3,190)	(2,571)
<b>Surplus/(deficit) from disposal of fixed assets</b>	<b>598</b>	<b>1,435</b>	<b>9,086</b>	<b>173</b>	<b>11,125</b>	<b>6,505</b>
Sale proceeds			-			
Less: Cost of sales			(167)			
<b>Net surplus/(deficit) from disposal of fixed assets</b>			<b>(167)</b>			



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

	2017	Restated
	Number	2016
		Number
<b>Properties in management</b>		
Social rent general needs housing	2,866	2,937
Affordable rent general needs housing	205	209
Social rent supported housing and housing for older people	523	550
Affordable home ownership	100	105
Care homes	10	15
Other social housing	81	96
Social leased housing	509	503
Market rent housing	62	62
Managed for others	641	644
<b>Housing properties in management</b>	<b>4,997</b>	<b>5,121</b>
Non housing properties in management	956	940
<b>Total properties in management</b>	<b>5,953</b>	<b>6,061</b>
<b>Properties under construction</b>	<b>88</b>	<b>28</b>

The 2016 Social leased housing comparative has been restated for two properties for which the Association does not own the freehold.

## 4. FINANCE INCOME

	2017	Restated
	£'000	2016
		£'000
Interest receivable from bank and building society deposits	16	24
Interest receivable from intercompany loans	4	8
Interest from joint venture loan notes	22	226
	<b>42</b>	<b>258</b>

The 2016 Interest receivable from bank and building society deposits comparative of £32k has been split into Interest receivable from bank and building society deposits of £24k and Interest receivable from intercompany loans of £8k.

The 2016 Interest from joint venture loan notes comparative has been restated to reflect £350k of distributions from joint venture now shown on the face of the statement of comprehensive income and £80k of external administration fees now shown within Turnover.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 5. FINANCE COSTS

	2017	Restated 2016
	£'000	£'000
<b>On intercompany loan at amortised cost</b>		
Interest costs	3,076	3,211
Loan arrangement fees and associated costs	9	17
Interest on pension scheme liabilities	207	162
	<b>3,292</b>	<b>3,390</b>

The 2016 Finance costs comparative has been restated to include £162k of interest on pension scheme liabilities which was disclosed as Net other finance costs in the prior year.

## 6. GIFT AID

The Association made gift aid payments of £10.0m (2016: £9.0m) to The Portal Housing Association Limited.

## 7. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2017	2016
	£'000	£'000
<b>Surplus on ordinary activities before taxation is stated after charging:</b>		
Gift aid	10,000	9,000
Depreciation of fixed assets	2,704	3,089
<b>Operating lease expense:</b>		
Land and buildings	42	71
<b>The analysis of auditor's remuneration is as follows:</b>		
Fees payable (excluding VAT) to the Association's auditor for the audit of the Association's annual financial statements	17	25
<b>Total audit fees</b>	<b>17</b>	<b>25</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 8. TAXATION

	2017 £'000	2016 £'000
<b>Current tax</b>		
United Kingdom corporation tax at 20% (2016: 20%)	-	-
Adjustment in respect of prior year	-	(37)
<b>Deferred taxation</b>		
Timing differences, origination and reversal	349	(285)
Adjustment in respect of earlier years	125	(362)
<b>Tax charge/(credit) for the year</b>	<b>474</b>	<b>(684)</b>

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 20% (2016: 20%). The differences are explained as follows:

	2017 £'000	2016 £'000
Surplus on ordinary activities before taxation	10,369	3,375
Taxation on surplus on ordinary activities at 20% (2016: 20%)	2,074	675
<b>Effects of:</b>		
Expenses not deductible for tax purposes	60	375
Prior year adjustments	125	(399)
Movement in unrecognised deferred tax	(27)	(72)
Non-taxable profit on group transfer of properties	(1,817)	(1,201)
Movement in deferred tax due to differences in tax rates	59	(62)
<b>Total tax charge/(credit)</b>	<b>474</b>	<b>(684)</b>

In recent years the UK Government has steadily reduced the rate of UK corporation tax. The closing deferred tax assets and liabilities have been calculated at 18% in accordance with the rates enacted at the reporting date.

It is not anticipated that there will be any significant reversal of the deferred tax liability in the next 12 months as the Association makes an annual gift aid payment to Portal Housing Association Limited equal to its anticipated taxable profits.

Deferred tax assets and liabilities are offset only where the Association has a legally enforceable right to do so. An asset of £0.3m (2016: £0.6m) has not been recognised in respect of losses and other timing differences. The asset would be recovered if there were sufficient and suitable surpluses in the future.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)****9. DIRECTORS' EMOLUMENTS**

The Directors are defined as the Board Members and the Executive Board. The payments detailed below relate to those payments made by the Association and do not relate to payments made by other Group entities.

	2017 £'000	2016 £'000
Aggregate emoluments payable to Directors (including benefits in kind)	9	8
Pension contributions in respect of services as directors	-	-
	<u>9</u>	<u>8</u>
Emoluments payable to the highest paid Director (excluding pension contributions but including benefits in kind)	<u>-</u>	<u>-</u>

The remuneration of the Chief Executive is disclosed in the financial statements of The Swaythling Housing Society Limited. The Chief Executive is an ordinary member of the Final Salary Scheme with a 1/60th accrual rate benefit structure of RGPS with the same conditions of membership as all other employees within that non-contributory benefit structure of the Scheme. Full details of scheme funding are disclosed in note 23.

No members of the Executive Board are paid by Windsor and District Housing Association Limited. With the exception of the Director of Radian Support, who was paid by Radian Support Limited, they are paid by The Swaythling Housing Society Limited. It is not possible to disaggregate directors' remuneration in respect of services performed on behalf of Windsor and District Housing Association Limited and services to other Radian Group entities.

Board Members received emoluments during the year totalling £9,167 (2016: £8,000). Board expenses of £1,829 (2016: £nil) were incurred in the year.

None of the Directors paid by the Association have received remuneration in excess of £60,000.

**10. STAFF COSTS**

The average number of employees expressed as full time equivalents (calculated on a standard working week of 37 hours) during the year was as follows:

	2017 FTE	2016 FTE
Housing and central services	19	23
Maintenance staff	1	5
	<u>20</u>	<u>28</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 10. STAFF COSTS (continued)

	2017 £'000	2016 £'000
<b>Staff costs (for the above employees)</b>		
Wages and salaries	805	953
Social security costs	73	71
Pension costs	114	142
	<b>992</b>	<b>1,166</b>

The Association has no full time equivalent staff (2016: none) with remuneration (including compensation for loss of office and excluding pension contributions) of £60,000 or more.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 11. HOUSING PROPERTIES

	Social housing lettings properties £'000	Affordable home ownership properties £'000	Total Completed Housing Properties £'000	Social housing lettings properties in course of construction £'000	Affordable home ownership properties in course of construction £'000	Total Housing Properties in course of construction £'000	Total housing properties £'000
<b>Cost</b>							
At 1 April 2016 (restated)	179,641	7,184	186,825	292	129	421	187,246
Additions	497	438	935	1,625	1,292	2,917	3,852
Additions - works to existing properties	(9)	-	(9)	-	-	-	(9)
Transferred into management	507	-	507	(507)	-	(507)	-
Disposals and demolitions	(616)	(554)	(1,170)	-	-	-	(1,170)
Intragroup transfers	(5,543)	-	(5,543)	-	-	-	(5,543)
Net movement to current assets	-	-	-	-	(336)	(336)	(336)
<b>At 31 March 2017</b>	<b>174,477</b>	<b>7,068</b>	<b>181,545</b>	<b>1,410</b>	<b>1,085</b>	<b>2,495</b>	<b>184,040</b>
<b>Accumulated depreciation</b>							
At 1 April 2016	(30,462)	(314)	(30,776)	-	-	-	(30,776)
Charge for the year	(2,594)	(44)	(2,638)	-	-	-	(2,638)
Intragroup transfers	710	-	710	-	-	-	710
Disposals and demolitions	282	26	308	-	-	-	308
<b>At 31 March 2017</b>	<b>(32,064)</b>	<b>(332)</b>	<b>(32,396)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,396)</b>
<b>Net book value</b>							
At 31 March 2017	142,413	6,736	149,149	1,410	1,085	2,495	151,644
<b>At 31 March 2016 (restated)</b>	<b>149,179</b>	<b>6,870</b>	<b>156,049</b>	<b>292</b>	<b>129</b>	<b>421</b>	<b>156,470</b>

The 2016 Cost comparative has been restated by £441k to reflect a correction of the accounting for land purchased by the Association.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 11. HOUSING PROPERTIES (continued)

## Property valuation

Social housing land and buildings are shown at historic cost. The value of completed social housing properties as determined by the Existing Use Valuation – Social Housing method at 31 March 2017 was £270.4m (2016: £272.1m). The valuation was carried out by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

## Expenditure on works to existing housing properties

	2017 £'000	2016 £'000
Amounts capitalised	(9)	1,103
Amounts charged to Statement of Comprehensive Income	2,519	2,467

## Security

The Association had property with a net book value of £44.2m pledged as security at 31 March 2017 (2016: £45.4m).

## 12. OTHER FIXED ASSETS

	Freehold land and premises £'000	Leasehold land and premises £'000	Computers, fixtures and fittings £'000	Vehicles, plant and equipment £'000	Total other fixed assets £'000
<b>Cost</b>					
At 1 April 2016	2,507	577	696	92	3,872
Additions	-	-	1	1	2
Disposals and demolitions	-	(359)	(2)	(88)	(449)
Transfers across tenures	(836)	-	-	-	(836)
<b>At 31 March 2017</b>	<b>1,671</b>	<b>218</b>	<b>695</b>	<b>5</b>	<b>2,589</b>
<b>Accumulated depreciation</b>					
At 1 April 2016	(528)	(577)	(667)	(92)	(1,864)
Charge for the year	(48)	-	(17)	(1)	(66)
Disposals and demolitions	176	359	(1)	88	622
Transfers across tenures	132	-	-	-	132
<b>At 31 March 2017</b>	<b>(268)</b>	<b>(218)</b>	<b>(685)</b>	<b>(5)</b>	<b>(1,176)</b>
<b>Net book value</b>					
<b>At 31 March 2017</b>	<b>1,403</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>1,413</b>
<b>At 31 March 2016</b>	<b>1,979</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>2,008</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 13. INVESTMENT PROPERTIES

	Investment properties £'000	Investment properties in course of construction £'000	Total investment properties £'000
<b>Cost</b>			
At 1 April 2016	7,841	540	8,381
Additions	1	27	28
Transfers across tenures	704	-	704
Revaluation surplus	1,329	-	1,329
<b>At 31 March 2017</b>	<b>9,875</b>	<b>567</b>	<b>10,442</b>

**Investment properties**

Completed investment properties are shown at market value of £9.9m (restated 2016: £7.8m). The valuation was carried out by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

If the investment properties had not been revalued they would have been included at the following amounts:

	2017 £'000	2016 £'000
Cost	9,725	9,021
Depreciation	(352)	(152)
<b>Net book value</b>	<b>9,373</b>	<b>8,869</b>

## 14. INVESTMENTS

Fixed asset investments total £1,195k (2016: £1,195k). This represents the Association's investment of £1,170k in 333 solely owned shares and 333 jointly owned shares (2016: same) in Affinity (Reading) Holdings Limited (detailed below) and an investment in Affinity Housing Services of £25k. The Association has received a £150k (2016: £350k) distribution from Affinity Housing Services in the current year.

Equity holding:	Ordinary
Country of registration:	England
Proportion held:	33.3% held solely, 33.3% held jointly
Principal activity:	Holds 100% of the share capital of Affinity (Reading) Limited which is the operator of a PFI contract to supply, refurbish, manage and maintain part of Reading Borough Council's housing inventory.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 15. PROPERTIES FOR SALE

	2017 £'000	2016 £'000
<b>Affordable home ownership schemes</b>		
Properties under construction	411	75
<b>Outright new build schemes</b>		
Properties under construction	44	-
Other stock disposals	-	67
	<b>455</b>	<b>142</b>

## 16. RECEIVABLES

	2017 £'000	Restated 2016 £'000
Gross arrears of rent and service charges	830	1,160
Bad debt provision	(389)	(349)
<b>Net tenant arrears</b>	<b>441</b>	<b>811</b>
Trade receivables	100	101
Amounts due from Group undertakings	12,548	5,993
Intercompany loans	-	400
Other receivables and prepayments	342	285
Social housing grant receivable	165	-
Staff car loan	10	14
	<b>13,606</b>	<b>7,604</b>
<b>Amounts falling due after one year</b>		
Loan notes due from joint venture	1,436	1,502
Interest bearing balance due from joint venture	186	-
	<b>1,622</b>	<b>1,502</b>
	<b>15,228</b>	<b>9,106</b>

The 2016 Gross arrears of rent and service charges comparative has been restated to reflect the £374k adjustment relating to deferred income which is now disclosed within Payables: Amounts falling due within one year.

The 2016 Amounts due from Group undertakings comparative has been restated by £400k to disclose intercompany loans separately which is now disclosed within Receivables under Intercompany loans and by £441k relating to a correction of the accounting for land purchased by the Association.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	Restated 2016
	£'000	£'000
Trade payables	798	553
Rent and service charges received in advance	732	1,361
Deferred income	374	374
Interest due and payable	-	219
Other taxation and social security payable	18	28
Other payables	226	70
Accruals	659	732
Contract retentions	44	36
Loans and borrowings	3,459	2,931
Right to buy profit share agreement	2,009	2,349
Deferred capital grant falling due within one year	488	488
	<b>8,807</b>	<b>9,141</b>

The 2016 Trade payables comparative has been restated to reflect £177k of Capital accruals previously disclosed within Other payables.

The 2016 Rent and service charges received in advance comparative has been restated to reflect £41k of leaseholder charges received in advance which is now disclosed within Other payables.

The 2016 Deferred income comparison has been restated to reflect £374k deferred income previously disclosed within Receivables: Gross arrears of rent and service charges.

The 2016 Other payables comparative has been restated to reflect £732k of accruals which is now disclosed within a separate heading entitled Accruals, £70k contract retentions of which £36k is now disclosed under a separate heading entitled Contract retentions and £34k which is now disclosed within Contract retentions in note Payables: Amounts falling due after more than one year.

Whilst amounts owed to Group undertakings are repayable within one year, it is unlikely that the obligation to repay the debt within one year will be enforced.

## 18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	Restated 2016
	£'000	£'000
Loans and borrowings	100,397	103,857
Contract retentions	94	34
Recycled capital grant fund	-	-
Deposits repayable	24	-
Disposals proceeds fund	-	99
Interest rate swap	735	625
	<b>101,250</b>	<b>104,615</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)****18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The 2016 Contract retentions comparative has been restated to reflect the movement of £34k of contract retentions payable after more than one year from Other payables within Payables: Amounts falling due within one year.

The 2016 Social housing grant comparative has been restated to reflect the movement of the balance to the face of the statement of financial position and it being renamed to Deferred capital grant falling due after more than one year.

Loans and borrowings are secured by a combination of fixed mortgages over housing properties and fixed charges over bank accounts.

Loans and borrowings are repayable as follows:

	Intercompany loans	
	2017	Restated 2016
	£'000	£'000
<b>In multiple instalments</b>		
one year or less	3,459	2,931
one to two years	869	959
two to five years	11,153	10,622
five years or more	88,375	92,276
	<b>103,856</b>	<b>106,788</b>

The 2016 loans and borrowings schedule comparative has been restated to reflect corrections to the repayment profile of the loans and borrowings.

The Association has a single intercompany loan with Radian Group Limited which is repayable in multiple instalments and is subject to a variable nominal rate of interest between LIBOR + 0.2% and LIBOR + 0.4%.

***Interest rate risk***

Interest rate risk is the risk that the Association is unable to service its loans and borrowings due to rises in interest rates. The Association manages interest rate risk through the requirements laid out in the Group Treasury policy.

***Liquidity risk***

Liquidity risk is the risk that the Association is unable to service its loans and borrowings or meet repayment liabilities as they fall due, due to insufficient cash. The Association manages liquidity risk through the requirements laid out in the Group Treasury policy.

***Counterparty credit risk***

Counterparty credit risk is the risk that the Association is required to repay funding early due to failure of counterparties. The Association manages counterparty credit risk by regularly monitoring and reviewing the credit rating of counterparties through the requirements laid out in the Group Treasury policy.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

*Market risk*

Market risk is the risk that the Association is unable to refinance loans and borrowings at a similar rate as they mature. The Association manages market risk by modelling the impact of interest rate rises in its long-term forecast and identifying mitigating actions.

## 19. DEFERRED CAPITAL GRANT FALLING DUE AFTER MORE THAN ONE YEAR

	Completed £'000	In course of construction £'000	Total £'000
<b>Cost</b>			
At 1 April 2016	45,132	176	45,308
<b>Inputs</b>			
Net movement to payables due within one year	-	-	-
Received in year	-	185	185
Transferred from recycled capital grant fund	-	330	330
Transferred from disposals proceeds fund	-	-	-
Transferred into management	198	-	198
Other	431	-	431
<b>Outputs</b>			
Recycled on disposal	(182)	-	(182)
Released on disposal	(2,812)	-	(2,812)
Transferred into management	-	(198)	(198)
<b>At 31 March 2017</b>	<b>42,767</b>	<b>493</b>	<b>43,260</b>
<b>Accumulated amortisation</b>			
At 1 April 2016	(5,926)	-	(5,926)
Released on disposal	381	-	381
Charge for the year	(478)	-	(478)
<b>At 31 March 2017</b>	<b>(6,023)</b>	<b>-</b>	<b>(6,023)</b>
<b>Amortised deferred capital grant falling due after more than one year</b>			
<b>At 31 March 2017</b>	<b>36,744</b>	<b>493</b>	<b>37,237</b>
<b>At 31 March 2016</b>	<b>39,206</b>	<b>176</b>	<b>39,382</b>

The Recycled capital grant fund and Disposals proceeds fund for the Radian Group are held centrally within The Swaythling Housing Society Limited.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

**20. RECYCLED CAPITAL GRANT FUND**

	Recycled capital grant fund £'000
At 1 April 2016	-
<b>Net inputs to fund:</b>	
Grants recycled	182
<b>Recycling of grant:</b>	
Transfer to other Group members	(182)
<b>At 31 March 2017</b>	<u>-</u>

**21. DISPOSALS PROCEEDS FUND**

	Disposals proceeds fund £'000
At 1 April 2016	99
<b>Recycling of grant:</b>	
Transfer to other Group members	(99)
<b>At 31 March 2017</b>	<u>-</u>

Pursuant to The Housing and Planning Act 2016, the disposals proceeds fund will be fully utilised in 2017/18 with all future inputs going to the recycled capital grant fund. This fund will therefore have a zero balance in future years.

**22. PROVISIONS FOR LIABILITIES**

	Deferred taxation £'000
At 1 April 2016	250
Debited to Statement of Comprehensive Income	473
<b>At 31 March 2017</b>	<u>723</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 22. PROVISIONS FOR LIABILITIES (continued)

Deferred tax is provided as follows:

	2017 £'000	2016 £'000
Deferred tax arising in relation to revalued assets	133	-
Tax losses available	(217)	(557)
Other timing differences	807	807
<b>Provision for deferred tax</b>	<b>723</b>	<b>250</b>

Deferred tax assets and liabilities are offset only where the Association has a legally enforceable right to do so. It is not anticipated that there will be any significant reversal of the deferred tax liability in the next 12 months.

An asset of £0.3m (2016: £0.2m) has not been recognised in respect of losses and other timing differences. The asset would be recovered if there were sufficient and suitable surpluses in the future.

## 23. PENSIONS

## Radian Group Pension Scheme (RGPS)

On 1 October 2012 all employers within the Radian Group established RGPS, a separate pension scheme administered by the Pensions Trust. At the same time employers in the Radian Group withdrew from the Social Housing Pension Scheme (SHPS) and discharged those liabilities which were not transferred to RGPS. RGPS has the following defined benefit structures for its active members:

- 1/60th Final Salary; and
- 1/60th CARE (Career Average Revalued Earnings)

RGPS is closed to new members for all employers within the Radian Group though the Group has retained the ability to admit new members at its discretion.

Employers continued to make monthly contributions of 6.9% of members' earnings and the Association made a lump sum payment of £1.4m during the year (2016: £1.0m).

A full actuarial valuation was carried out at 30 September 2013 and updated to 31 March 2017 by an independent qualified actuary. The valuation showed a deficit of £7.9m which the Group has agreed with the Trustee to aim to eliminate over a period of eight years from 1 April 2015. To this end the Group has paid a lump sum of £3.2m during the year (2016: £1.4m) of which the Association paid £1.4m. Employers continue to pay 23.2% of pensionable earnings less member's contributions in respect of the cost of accruing benefits.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)****23. PENSIONS (continued)**

Main financial assumptions adopted for FRS 102 purposes:

	<b>2017</b>	<b>2016</b>
	%	%
RPI inflation	3.3	3.0
CPI inflation	2.3	2.0
Salary increases	4.3	3.0
Discount rate	2.7	3.5

Post retirement mortality assumptions:

	<b>Males</b>	<b>Females</b>
Retiring today	23.2	24.9
Retiring in 20 years	24.9	26.4

**The Pensions Trust Flexible Retirement Plan (FRP)**

The Association participates in a defined contribution scheme administered by The Pensions Trust. The accounting charge represents the Association's contributions to the Plan for the year and amounted to £10k (2016: £10k). There were outstanding contributions as at 31 March 2017 of £1k (2016: £1k).

**Royal County of Berkshire Pension Fund (RCB)**

The Association participates in RCB, a multi-employer defined benefit pension scheme where the deficit or surplus can be separately identified. A full actuarial valuation of RCB was carried out at 31 March 2016 and updated for FRS 102 purposes to 31 March 2017 by an independent qualified actuary. The valuation results show a funding deficit of £2.0m and a funding level of 68%. Contributions will increase to 25.7% in 2017/18 (2016/17: 23.7%) of pensionable pay to improve the funding level.

Radian Group has adopted a strategy of reducing its pension cessation risk by consolidating its pension obligations over a number of years. On 1 April 2016, having agreed a deferred cessation basis with the scheme, the Association took on the RCB pension obligations of Radian Support Limited, receiving consideration of £1.4m in respect of the estimated cessation liability at the point in the future when the last member dies, or there is an agreement to settle the liability. The transfer values of the assets and liabilities are set out in the asset and liability reconciliations as are the settlement values relating to the transfer of the final active member of the Radian Support Limited RCB scheme to a new employer on 1 September 2016.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 23. PENSIONS (continued)

Main financial assumptions adopted for FRS 102 purposes:

	2017	2016
	%	%
Discount rate	2.2	3.0
Pension increases (CPI)	2.7	2.3
Salary increases	4.2	3.3

Post retirement mortality assumptions:

Post retirement mortality assumptions are based on S2PA tables with a multiplier of 95%, projected using the CMI 2015 Model allowing for a long-term rate of improvement of 1.5% p.a.

	Males	Females
Retiring today	23.0	25.0
Retiring in 20 years	25.1	27.4

At 31 March 2017 the assets in the schemes which the Association participates in were:

	Radian Group Pension Scheme £'000	Royal County of Berkshire Pension Fund £'000	Total £'000
Equities	44,833	2,655	47,488
Corporate Bonds	19,933	811	20,744
Property	2,221	750	2,971
Cash	-	571	571
Alternative assets	2,854	632	3,486
<b>Total market values of assets</b>	<b>69,841</b>	<b>5,419</b>	<b>75,260</b>

At 31 March 2016 the assets in the schemes which the Association participates in were:

	Radian Group Pension Scheme £'000	Royal County of Berkshire Pension Fund £'000	Total £'000
Equities	1,041	1,689	2,730
Government Bonds	445	54	499
Corporate Bonds	-	512	512
Property	66	437	503
Cash	-	188	188
Alternative assets	34	844	878
<b>Total market values of assets</b>	<b>1,586</b>	<b>3,724</b>	<b>5,310</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 23. PENSIONS (continued)

The Association's obligations in respect of its defined benefit retirement schemes are set out below:

	Radian Group Pension Scheme		Royal County of Berkshire Pension Fund		Total	
	2017	2016	2017	Restated 2016	2017	Restated 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	2,095	1,586	5,419	3,724	7,514	5,310
Present value of defined benefit obligation	(2,540)	(1,900)	(12,616)	(9,286)	(15,156)	(11,186)
<b>Association's share of deficit in the scheme</b>	<b>(445)</b>	<b>(314)</b>	<b>(7,197)</b>	<b>(5,562)</b>	<b>(7,642)</b>	<b>(5,876)</b>
<b>Movements in the fair value of scheme assets:</b>						
Opening fair value of scheme assets	1,586	1,518	3,724	4,643	5,310	6,161
Interest income on scheme assets	58	48	124	126	182	174
Actuarial (losses)/gains	(999)	(447)	1,402	(914)	403	(1,361)
Expenses	-	-	(3)	(3)	(3)	(3)
Contributions from employers	1,454	467	12	203	1,466	670
Contributions from scheme members	41	50	4	4	45	54
Benefits paid	(45)	(50)	(378)	(335)	(423)	(385)
Settlement on transfer of member	-	-	(169)	-	(169)	-
Transfer of assets between entities	-	-	703	-	703	-
<b>Closing fair value of scheme assets</b>	<b>2,095</b>	<b>1,586</b>	<b>5,419</b>	<b>3,724</b>	<b>7,514</b>	<b>5,310</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 23. PENSIONS (continued)

Movements in the present value of defined benefit obligations:

	Radian Group Pension Scheme		Royal County of Berkshire Pension Fund		Total	
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Opening defined benefit obligation	1,900	2,059	9,286	9,848	11,186	11,907
Service cost	80	107	24	25	104	132
Expenses	6	12	-	-	6	12
Interest cost	67	65	323	271	390	336
Actuarial losses/(gains)	491	(343)	1,812	(527)	2,303	(870)
Benefits paid	(45)	(50)	(378)	(335)	(423)	(385)
Contributions by scheme members	41	50	4	4	45	54
Liabilities extinguished on transfer of member	-	-	(287)	-	(287)	-
Transfer of obligations between entities	-	-	1,832	-	1,832	-
<b>Closing defined benefit obligation</b>	<b>2,540</b>	<b>1,900</b>	<b>12,616</b>	<b>9,286</b>	<b>15,156</b>	<b>11,186</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 23. PENSIONS (continued)

	Radian Group Pension Scheme		Royal County of Berkshire Pension Fund		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Analysis of amounts charged/(credited) to operating surplus:</b>						
Current service costs	80	107	24	25	104	132
Expenses	6	-	3	3	9	3
Transfer of obligations between entities	-	-	1,129	-	1,129	-
Consideration for transfer of obligations	-	-	1,400	-	1,400	-
Settlement - transfer out of member	-	-	(118)	-	(118)	-
	<b>86</b>	<b>107</b>	<b>2,438</b>	<b>28</b>	<b>2,524</b>	<b>135</b>
<b>Amounts charged to other finance costs:</b>						
Net finance charge	9	17	199	145	208	162

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 23. PENSIONS (continued)

Statement of Comprehensive Income:

	Radian Group Pension Scheme		Royal County of Berkshire Pension Fund		Total	
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Analysis of amounts recognised in Other Comprehensive Income:</b>						
Actual return less expected return on pension scheme assets	(999)	(447)	509	(204)	(490)	(651)
Changes in assumptions underlying the present value of the scheme liabilities	(491)	308	(2,284)	527	(2,775)	835
Experience gains arising on the scheme liabilities	-	35	472	-	472	35
Other actuarial gains/(losses) on assets	-	-	893	(710)	893	(710)
<b>Actuarial losses on pension schemes</b>	<b>(1,490)</b>	<b>(104)</b>	<b>(410)</b>	<b>(387)</b>	<b>(1,900)</b>	<b>(491)</b>

A deferred tax asset has not been recognised in respect of the Association's share of the RGPS and RCB deficits as there is insufficient evidence that the assets will be recovered. The amount of asset not recognised is £1.4m (2016: £1.1m). The asset would be recovered if there are sufficient and suitable profits in the future.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 24. SHARE CAPITAL

	2017	2016
	£	£
<b>Shares of £1 each</b>		
Issued and fully paid at 1 April	7	7
Shares issued during the year	2	-
Shares cancelled during the year	(3)	-
<b>Shares issued and fully paid at 31 March</b>	<u>6</u>	<u>7</u>

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the Association. Therefore, all shareholdings relate to non-equity interests.

## 25. CAPITAL COMMITMENTS

	2017	2016
	£'000	£'000
<b>Capital expenditure commitments were as follows:</b>		
Capital new build expenditure contracted but not provided for in the financial statements	13,261	-
Capital new build expenditure authorised but not contracted	805	6,800
	<u>14,066</u>	<u>6,800</u>

The above represents authorised or contracted but not provided for in the financial statements expenditure on housing properties. As at the reporting date there was no material Other fixed assets expenditure either authorised or contracted but not provided for in the financial statements.

Our capital commitments will be financed by cash (£16.8m at 31 March 2017) and future intragroup property sales to Portal Housing Association Limited.

## 26. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2017	2016
	£'000	£'000
<b>Leases which expire:</b>		
Not later than one year	19	62
Later than one year and not later than five years	78	21
More than five years	3	-
	<u>100</u>	<u>83</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 26. OPERATING LEASES (continued)

The total receipts which the Association is committed to receive under operating leases are as follows:

	Commercial properties		Leases with Partnership Agencies		Tenancy leases Restated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Leases which expire:</b>						
Not later than one year	103	8	690	680	4,267	3,742
Later than one year and not later than five years	210	34	2,761	2,720	8,398	6,070
More than five years	24	33	6,232	6,830	1,422	1,455
	<b>337</b>	<b>75</b>	<b>9,683</b>	<b>10,230</b>	<b>14,087</b>	<b>11,267</b>

The 2016 Tenancy leases comparative has been restated to reflect a change from recognising future minimum lease income for leases that have no end date from 35 years to one month in line with default notice periods.

## 27. FINANCIAL INSTRUMENTS

	At fair value		At historic or amortised cost	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Financial assets</b>				
Investment properties	10,442	8,381	-	-
Investments	-	-	1,195	1,195
Cash and cash equivalents	-	-	16,782	10,467
Short term investments	-	-	-	5,000
Receivables	-	-	1,058	1,211
Amounts due from Group undertakings	-	-	12,548	5,993
Intercompany loans	-	-	-	400
Loan notes in joint venture	-	-	1,622	1,502
	<b>10,442</b>	<b>8,381</b>	<b>33,205</b>	<b>25,768</b>
<b>Financial liabilities</b>				
Loans and borrowings and unamortised net premiums	-	-	103,856	106,788
Trade and other payables	-	-	5,466	6,343
Interest rate swap	735	625	-	-
	<b>735</b>	<b>625</b>	<b>109,322</b>	<b>113,131</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 27. FINANCIAL INSTRUMENTS (continued)

	2017 £'000	2016 £'000
<b>Fair value gains/(losses)</b>		
On investment properties	1,329	(412)
On interest rate swap	(110)	(625)
	<u>1,219</u>	<u>(1,037)</u>

## 28. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 £'000	2016 £'000
<b>Liability</b>		
Interest rate swap	<u>735</u>	<u>625</u>

The interest rate swap is valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The contract is to pay fixed and receive floating interest to and from fellow Group undertaking The Swaythling Housing Society Limited. The notional principal amount and remaining items of the interest rate swap contract outstanding as at the reporting date are as follows:

	Average contract fixed interest rate %	Notional principal value £'000	Fair value £'000
2 to 5 years	1.5205	20,000	735

The interest rate swap settles on a quarterly basis. The floating interest rate on the interest rate swap is three month LIBOR. The Association settles the difference between the fixed and floating interest rate on a net basis.

## 29. RELATED PARTY TRANSACTIONS

## Pension Schemes

The RGPS and the RCB Pension Scheme are considered to be related parties and full disclosure of these schemes is given in note 23.

## Transactions with other Group members

The Association, a subsidiary of Radian Group Limited, has taken advantage of the exemption contained in FRS 102 33.1A not to disclose transactions or balances with entities which form part of the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

## 29. RELATED PARTY TRANSACTIONS (continued)

This is the case except for intragroup transactions with the following subsidiaries and transactions with the following joint ventures:

- Radian Support Limited;
- Radian Capital plc;
- Swaythling Assured Homes plc;
- Affinity (Reading) Holdings Limited; and
- Affinity Reading Limited.

These entities are not regulated by the Regulation Committee of the HCA and the Accounting Direction for Social Housing requires Registered Providers to disclose transactions with non-regulated Group members. Dormant subsidiary Swaythling Assured Homes plc was also a non-regulated subsidiary but there were no transactions with regulated Group members during the year.

Transactions with the subsidiaries are eliminated in the Group financial statements. Transactions with the joint ventures are not eliminated in the Group financial statements.

The following transactions and balances are shown from the perspective of the Association and relate to Radian Support Limited, Affinity (Reading) Holdings Limited and Affinity (Reading) Limited.

	2017	Restated 2016
	£'000	£'000
<b>Income</b>		
Facilities charge	-	22
Lettings	-	156
Loan note interest	22	226
Professional services	80	80
<b>Receivables</b>		
Redeemable loan notes due	1,436	1,502
Interest bearing balance	186	-

The facilities charge charged by the Association was a proportional allocation of budgeted facilities costs based on usage of the Association's Windsor office. Due to the cessation of Radian Support, no charges arose in 2017.

Loan note interest is payable to Windsor at 12.5% according to the terms of the agreement with Affinity (Reading) Holdings Limited.

In addition to the Affinity (Reading) Holdings Limited loan notes balance and loan note interest, the Association has a 50% investment in Affinity (Reading) Holdings Limited (through its 33.3% of solely held shares and 33.3% of jointly held shares) which in turn holds 100% of the share capital of Affinity (Reading) Limited. The investment is disclosed in note 14.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

**30. ULTIMATE PARENT COMPANY AND CONTROLLING COMPANY**

At 31 March 2017 the Association's ultimate parent and ultimate controlling party was Radian Group Limited, a company limited by guarantee and incorporated in England.

Radian Group is a Registered Provider and is the parent of both the largest and smallest Group into which the Association is consolidated.

Group financial statements can be obtained from Radian Group Limited, Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.

