



**Worcester Community Housing Limited**  
A Company Limited By Guarantee

Directors' Report and Financial Statements

For the year ended 31 March 2015

Company Number: 4521505

**Worcester Community Housing Limited**  
**Financial Statements for the Year Ended 31 March 2015**

**ADVISORS, BANKERS AND REGISTRATIONS**

**Registered Office** Progress House  
Midland Road  
Worcester WR5 1DU

<b>Registrations</b>	Homes and Communities Agency	LH4416
	Companies House	4521505
	Charity Commission	1109786

**External Auditors** Beever and Struthers  
Chartered Accountants  
St George's House  
215-219 Chester Road  
Manchester, M15 4JE

**Bankers** Barclays Bank PLC  
54 High Street  
Worcester, WR1 2QQ

**Funders** Barclays Bank PLC  
PO Box 3333  
One Snowhill  
Snowhill Queensway  
Birmingham, B3 2WN

The Housing Finance Corporation  
4<sup>th</sup> Floor, 107 Cannon Street  
London  
EC4N 5AF

**Funding Advisors** Centrus Advisors LLP  
Mermaid House  
2 Puddle Dock  
London, EC4V 3DB

**Solicitors** Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham, B3 2ES

**Worcester Community Housing Limited**  
**Financial Statements for the Year Ended 31 March 2015**

**CONTENTS**

Board and Executive Directors	1
Directors' Report	2
The Directors' Report includes:	
Statement on Internal Controls	6
Statement of the Board's responsibilities in respect of the Board report and the financial statements	7
Strategic Report (incorporating the Operating and Financial Review)	8
Independent auditor's report to the members of Worcester Community Housing Limited	17
Income and Expenditure Account	19
Statement of Total Recognised Surpluses and Deficits	19
Balance Sheet	20
Notes to the Financial Statements	21

**Worcester Community Housing Limited**  
**Financial Statements for the Year Ended 31 March 2015**

**BOARD AND EXECUTIVE DIRECTORS**

<b>Board Directors</b>		<b>Appointed</b>	<b>Retired</b>
Mike Moyles	Chair	1 Apr 2014	
Denis Thompson	Vice Chair	30 Sep 2009	
Christopher Almgill		5 Nov 2003	
Fred Bentley		1 Apr 2014	
Mark Davies		14 Sep 2009	
Cathy Jackson		1 Apr 2014	
Andrew Milner		1 Apr 2014	
Andrew Strong		1 Apr 2014	
Geoff Williams		5 Nov 2003	
Steve Williams		22 Sep 2008	
<b>Company Secretary</b>			
Andrew Howarth		15 Apr 2014	
<b>Executive Directors</b>			
Guy Weston	Group Chief Executive	1 Apr 2014	
Richard Grounds	Executive Director, Growth & Investment	1 Apr 2014	
Clare Huyton	Executive Director, Housing, Care & Communities	1 Apr 2014	
Andrew Howarth	Executive Director Finance	1 Apr 2014	
Bill Tebay	Managing Director Fortis Property Care	1 Apr 2014	
Stewart Mountfield	Executive Director	1 Apr 2014	31 Mar 2015

## **Worcester Community Housing Limited**

# **Directors' Report 2015**

The Board presents its report and the audited financial statements for the year ended 31 March 2015.

Worcester Community Housing Limited is limited by Guarantee, a Registered Charity regulated by the Charity Commission, and a Registered Provider, regulated by the Homes and Communities Agency (HCA). The Company was set up for the purpose of accepting the transfer of housing stock from Worcester City Council. The transfer took place on 31 March 2004.

The Company established a group structure in March 2005 through the creation of a subsidiary, Worcester Community Housing Foundation (WCHF) as a Co-operative and Community Benefit Society operating under charitable rules 'for the benefit of the community' with objects that support the provision of housing, accommodation and assistance to help to house people together with the establishment of associated facilities and amenities. WCHF has previously supported financial inclusion activities and the supply of new housing but has had no transactions during the year.

On 1 April 2014, Worcester Community Housing Limited and Festival Housing Limited formed a new organisation named Fortis Living. The new Group structure has a new Group parent, Fortis Living, with Festival Housing Limited & Worcester Community Housing Limited as subsidiaries. These three Companies, which are all Registered Providers, have a common Board which was appointed on 1 April 2014. Fortis Property Care Limited (FPC) is also a subsidiary of the new parent.

Fortis Living Group is expected to deliver a more efficient and streamlined service as well as enabling a higher level of financial leverage. Value for money should be achieved through economies of scale, creating efficiencies in similar areas of operation as well as greater powers of influence. Cost savings are likely to be substantial and will be invested in providing new homes and services.

## **Principal activities**

The Company owns and manages over 5,000 homes throughout Worcestershire. The core business is the management, maintenance and development of high quality affordable homes for people in housing need, together with appropriate support services.

## **Business review**

Details of the Company's performance and future plans are set out in the Strategic Report (Incorporating the Operating and Financial Review) that follows this report.

## **Board Members and Executive Directors**

The Board and Executive Directors of the Company, during the period under review, are listed on Page 1.

Board Members are non-executive and are Directors for legal purposes. They are drawn from a wide background bringing together professional, commercial and local experience, and are remunerated for services performed for the Group. The Directors are Members (Trustees) of the Company.

The Executive Directors act as executives within the authority delegated by the Board, and the remuneration of the Executive Directors is reviewed by the Remuneration and Governance Committee, which makes recommendations to be considered and determined by the Board.

During and at the end of the 2014/15 financial year, none of the Company's directors were interested in any material transaction in relation to the Group's business and none are materially interested in any presently proposed material transactions.

Group insurance policies indemnify Directors and officers against liability when acting for the Group.

The Executive Directors who served during the year are members of the Local Government Pension Scheme, administered by Worcestershire County Council, which is a defined benefit final salary pension scheme. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the scheme on behalf of its employees.

## **Directors' Report 2015**

### **Stakeholders**

The strength of the Company lies in the quality and commitment of its employees. The Group's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of employees throughout the year. Consultation and communication with all employees takes place through regular briefings and team meetings, and the Group is committed to equal opportunities for all its employees.

The Company actively encourages customer involvement in a number of ways. During the year Fortis Living established a new Customer and Communities Panel which is at the heart of our engagement activities. The panel comprises 7 customers and 3 local councillors who work to scrutinise the work that is done and to help formulate and deliver service improvements. They are set to be supported in their work by 11 sounding boards covering each area of the business.

The Company is registered with and regulated by the HCA and works within the regulatory framework for social housing. The regulator sets out their view as to whether the organisation is financially sound and properly governed and managed and in the Group's latest Regulatory Judgement they confirmed that, in line with previous years, they were satisfied with the financial viability and governance giving a G1/V1 rating in April 2015. The Company receives capital grant from the HCA towards the development of new homes.

The Group's mission is 'Building a Better Future'; this commitment is not purely to its customers, as tenants or leaseholders, but also to the wider community. Over the past year, the Company has continued to work with key stakeholders including the police, local authorities and other community groups to reduce anti-social behaviour and improve quality of life in the communities in which the Company operates.

### **Going concern**

The Company has in place £85m debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Company's day to day operations. The Company also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

Following the Government's Summer Budget on 8 July 2015, where a reduction of 1% per annum on rents for the four years 2016/2020 was announced, the Board has reviewed the medium term cashflow and is assured that the Company will continue to meet loan covenants throughout the business planning period.

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

### **Accounting policies**

The accounting policies of the Company are set out in pages 21 to 24 of this report. All policies comply with the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers (Updated 2010). Those policies that are critical to an understanding of the performance and financial position of the Company are discussed below.

### **Pension costs**

The Company operates final salary pension schemes. The schemes were in deficit as at March 2015 and further details are published in the Group accounts.

### **Housing property assets**

Details of changes to the Company's fixed assets are shown in notes 10 and 11 to the financial statements. The Company appointed Savills as external professional valuers to undertake an annual valuation of housing properties as at 31 March 2015. The value of the properties, on an Existing Use Value for Social Housing (EUV-SH) basis, was £198m (£171m, 2014). Assets are shown at the revalued amount with the revaluation surplus being taken to the Property Revaluation Reserve.

## **Directors' Report 2015**

### **Treasury management and cash flow**

The treasury management policy and strategy are reviewed annually and approved by the Board and are supported by independent professional advice. The Company maintains a risk-averse approach to its loan portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs whilst minimising cash balances, borrowing and interest on borrowings.

Debt is split across WCH and Festival. Recently the Group made use of the government guarantee and secured funding through Affordable Housing Finance. As at March 2015, the Company had total loan facilities of £85m of which £20m relates to AHF funding.

Prior to merger Barclays facilities and debt was restructured to allow a cancellation of the WCH facility in April 2016. However, discussions are under way to extend this facility.

Covenants are drawn at subsidiary level with compliance in all subsidiaries. The covenants monitored are interest cover, debt per unit and asset cover. All covenants continue to have significant headroom within them.

### **Donations**

The Company made donations of £6,150 to charity during the year (2013/14: £6,250) and made no political donations.

### **Corporate Governance**

#### **Code of Governance**

The regulatory framework makes it clear that responsibility for meeting the regulatory standards lies with the Board and that the Board is under an obligation to adopt and comply with a recognised Governance Code.

The Board has adopted, and complies with the principal recommendations of, both the National Housing Federation Code of Governance: "Excellence in Governance Code for members and good practice guidance - 2010" and "Code of Conduct" in all material respects except for Section D1 relating to the maximum terms of office for non-executive Board Members.

Currently there are four Board Members that have served for more than nine years on Group Boards. They have been retained to ensure the retention of key skills after the merger of Festival Housing and WCH, as approved by the HCA as part of the approvals for the merger in 2014.

A succession plan is in place to replace these Board Members which will be completed in September 2015, after which Fortis Living will be fully compliant with the code.

The Group has recently updated its governance framework in line with the 2015 update of the NHF Code of Governance. A gap analysis against the new code was considered at the July meeting of the Remuneration & Governance Committee, which is responsible for monitoring and reviewing governance issues, and on which it reports to the Board.

#### **The Board**

The Board is responsible for the overall strategic direction and governance of the Company, including the determination of key policies and the monitoring of compliance with both policies and performance targets.

Executive Directors are not members of the Board and, except for the purposes of salary disclosure, are not regarded as Directors for legal purposes and do not hold an interest in the Company. The day to day matters of the Company are delegated to the Group Chief Executive and Executive Directors, acting within the authority delegated by the Board.

#### **Committee structure**

The Board is supported by a number of Committees appointed by the Board from its membership. All Board members are entitled to attend all Committee meetings. The Board has appointed the Chairs and established the terms of reference of each Committee and receives the minutes of all Committee meetings. All Committee terms of reference were reviewed in 2013/14.

## **Directors' Report 2015**

### **Audit and Risk Committee**

The Committee met four times during the period under review and will continue to meet at least three times per year in the future. Its role is to monitor the risk management framework; review the effectiveness of internal control systems; and to appoint, and consider reports from, the external and internal auditors. The Committee also reviews the external audit management letter and meets the external auditor before the financial statements are presented to the Board for approval.

### **Remuneration & Governance Committee**

The Remuneration & Governance Committee is responsible for monitoring and reviewing governance issues and to advise the Board on succession planning and the appointment of new Board Members. The Committee also meets as required for the purpose of determining the terms and conditions and remuneration of the Chief Executive and Executive Directors.

### **Regulation**

The Regulatory Judgement issued by the Regulator in January 2011 and the Viability Decision issued by the Regulator in March 2014 have been superseded by a Group assessment which rated Fortis Living as G1/V1.

### **Significant contractual arrangements**

The Company operates under the terms of a transfer agreement with Worcester City Council. The agreement sets out contractual undertakings (warranties) given by the Council which address risks faced by the Company, primarily relating to the disclosure of information with regards to the assets transferred and associated environmental risk. These warranties apply until 2022.

### **Equality and diversity**

The Company continually seeks to promote equality of opportunity as an employer and in the delivery of its services through the implementation of its Single Equality Scheme.

### **Environmental matters**

The Company aims to ensure all its work and activities are sustainable and minimise their impact on the environment. Wherever possible, strategies, policies and actions will underpin these aims. Improving the energy efficiency ratings of our homes, enhancing the efficiency of the boilers replaced and purchasing kitchens from a supplier with strong recycling levels have all contributed to our achievements in the year.

Our new homes are designed to meet the Code for Sustainable Homes 'Level 3' and Building for Life standards set by the Homes and Communities Agency. During the year, a project to clad three high rise blocks was completed, considerably improving their thermal efficiency.

### **Health and safety**

The Board is aware of its responsibilities on all matters relating to health and safety, and detailed policies have been prepared. These are reviewed annually and staff training and education on health and safety matters is regularly provided. The Company seeks to ensure, as far as is reasonably possible, the health, safety and welfare of all employees. There is a joint management and staff Health and Safety Committee with agreed terms of reference.

### **Legal proceedings**

The Company is not aware that there are any pending legal proceedings that would have a material adverse effect on the financial position or operations of the Company.

## **Directors' Report 2015**

### **Statement on Internal Controls**

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

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable, but not absolute, assurance that planned business objectives and expected outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Company's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Company is exposed and is consistent with good practice.

The Audit & Risk Committee is responsible for monitoring the risk management process, reviewing internal control and reports to the Group Boards on the efficacy of the process.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the 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 Company's activities. An internal Risk Management Review Group regularly considers and delivers reports on significant risks facing the Company and the Board receives regular reports on changes affecting key risks.

#### **Environment and Control procedures**

The Board retains responsibility for a defined range of issues covering strategic, financial and compliance issues including treasury management and new investment projects. There are governance arrangements in place, including policies and procedures, which cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

#### **Information and financial reporting systems**

Financial reporting procedures include long and short term forecasts, detailed budgets and detailed management accounts. These are reviewed in detail by the Executive Leadership Team and considered and approved by the Board each quarter. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

#### **Monitoring and corrective action**

A process of self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements and delivery of services.

The internal control framework and risk management process is subject to regular review and is supported by internal and external auditors who are responsible for providing independent assurance to the Executive Leadership Team and Audit & Risk Committee. There is a formal process for the reporting and correction of significant control weaknesses. The Audit & Risk Committee considers internal control and risk at each of its meetings during the year.

The Audit & Risk Committee conducts an annual review and produces an annual report for the Board of the effectiveness of the system of internal control and considers any changes needed to maintain the effectiveness of the risk management and control process.

The Board has received this report and confirms that there is a robust and on-going process for identifying, evaluating and managing significant risks faced by the Company. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

## Directors' Report 2015

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

The Board is required to prepare financial statements in accordance with applicable law and United Kingdom generally accepted accounting practice, for each financial year, which give a true and fair view of the state of affairs of the Company and of the surplus for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Company's accounting records, cash holdings, receipts and remittances.

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

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social housing providers" (update 2010).

#### Disclosure of information to auditors

The Board Members who held office at the date of approval of this board report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each board member has taken all the steps that they ought to have taken as a board member to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### External Auditors

A resolution to reappoint Beever and Struthers, Chartered Accountants will be proposed at the forthcoming annual general meeting.

#### Annual General Meeting

The Annual General Meeting will be held on Tuesday 22 September 2015.

The Directors' Report was approved by the Board on 3 September 2015 and signed on its behalf by:



**ANDREW HOWARTH**  
SECRETARY

## Strategic Report 2015 (incorporating the Operating and Financial Review)

The Board presents its strategic report for the Company for the year ended 31 March 2015.

### Strategy and objectives

Building on the aspirations of the merger business case, Fortis Living has launched its first 5 year strategic plan, **Building a Better Future 2014-2019**.

The core values are to be Commercial, Responsible, Innovative, Professional and Inspirational.

The Plan includes the following objectives:

Investing in...	Objectives
<b>Customers and Services</b>	<ul style="list-style-type: none"><li>• Providing excellent services that meet the individual needs of our customers</li><li>• Committed to engaging and involving customers in all aspects of the business</li><li>• A strong brand and reputation for all our services</li></ul>
<b>Communities</b>	<ul style="list-style-type: none"><li>• Creating jobs and apprenticeships</li><li>• A key partner for other housing, care and community providers</li><li>• Committed to positive social and environmental outcomes</li></ul>
<b>Growth and Opportunities</b>	<ul style="list-style-type: none"><li>• Growing to at least 20,000 homes by 2020</li><li>• Providing a wide range of housing for people unable to access open market housing</li><li>• A growing and high performing property care business</li></ul>
<b>The Business</b>	<ul style="list-style-type: none"><li>• A great culture and place to work that attracts the best people</li><li>• Using information technologies to enable business improvements</li><li>• Doing business in a commercial way to increase financial strength</li></ul>

### Achievements during 2014/15

As well as dealing with the merger and integrating staff teams throughout the business, the quality of services provided was maintained, and the task of delivering against the objectives set in the new strategic plan commenced.

#### INVESTING IN ... CUSTOMERS AND SERVICES

Work began this year on our new multi channel contact centre, Fortis Connect. This move to a single point of contact combined with an investment in people and systems was at the centre of our plans to drive up service quality and create an improvement focussed culture.

Performance of the Group maintenance Company is important to WCH's tenants. During the year the Worcester Building Maintenance Service was integrated into Fortis Property Care and the external contract with Nexus was novated to FPC at the year end. FPC produced a five year business plan which sets out how the business will increase growth, efficiency and cost effectiveness. Gas servicing remains a health and safety essential with the FPC team of engineers delivering 100% compliance.

Our income management team along with our specialist work and welfare advisors have worked closely with customers to help them navigate the ongoing challenge of welfare reform, manage debt and get the financial support to which they are entitled. Our added value services have gone from strength to strength providing help and support to customers in relation to benefits, debt management and energy costs.

## **Strategic Report 2015 (incorporating the Operating and Financial Review)**

### **INVESTING IN ...COMMUNITIES**

Investing in our assets has a crucial role to play in the development of local communities. In the last year we have been working to improve the energy efficiency of our homes. This includes upgraded heating systems, better insulation and more energy efficient heating. Our £5 million energy-saving improvement work at the High Rise in St. Johns, Worcester was completed this year. The insulated cladding system has transformed the city skyline and also the fuel bills of tenants.

2014 saw our first-ever Group wide initiative, Communities Week. It saw all parts of the Fortis business come together to deliver over 20 high-impact projects each delivering a unique difference to many communities and individuals. From communal garden clearing to activities to reduce social isolation such as bingo sessions; it offered something for everyone.

At the start of the year we set ourselves a challenging Group target to deliver over 100 community events. We topped that by hosting a massive 170. Delivered under the banner of Fortis Living on Tour, it saw us touring local communities up and down the two counties offering positive opportunities to get involved in our work, build service knowledge and to have fun! Almost 4,000 families, older people, our network of teen champions and other supported groups all took part.

The needs and aspirations of our customers are ever-changing. Work to strengthen and build our relationship with them and define how we can better work together took place at our Fortis Tenants Day and Older Tenants Day. These unique events gave tenants a genuine opportunity to shape and influence our work and contribute to the ongoing improvement of our services.

### **INVESTING IN ... GROWTH AND OPPORTUNITIES**

We have delivered 312 new homes, against a target of 179. The new homes included those within the HCA 2011-15 programme which was successfully completed.

An important landmark for the Company was the completion of our first Extra Care scheme at Meadow Court in Worcester, which delivers 57 high quality homes and lifestyle facilities for older people. Services are delivered jointly with an external care and support provider.

Another milestone was the completion of our first 'place of change' supported housing scheme, which provides 19 studio apartments for single homeless people and evidences our commitment to helping vulnerable people live and thrive independently.

We are also successfully embracing the challenge of new tendering regimes that statutory agencies increasingly rely upon by winning the re-tender of the Falls Response service with the Department of Health. This service is provided jointly with Festival.

### **INVESTING IN ... THE BUSINESS**

Behind the scenes we have been working to create a robust business that is fit for the future, best placed to cope with the changing pressures of the economy and the housing market and equipped to deliver excellent services for our customers. Good governance is a crucial part of this and we have established an effective coterminous board to govern and lead the work of Fortis Living, Festival and WCH. This work was ratified when the first regulatory judgement for the new Group resulted in a G1/V1 rating from the HCA.

Market confidence in our strong financial foundations and controls was reinforced with the securing of additional funding under the government backed Affordable Homes Guarantee Programme which delivered an additional £20 million of new funding.

We want WCH and the Fortis Living Group to be a great place to work, with a great culture that attracts the best people. In a time of unprecedented change we have been working to construct the new business and create the team structures, policies and support networks needed to help colleagues flourish and succeed.

Our newly formed Group-wide representative platform, the Employee Forum, has played a key role both in this work and in our drive to create a more engaged and effective two-way working relationship. Work to

## Strategic Report 2015 (incorporating the Operating and Financial Review)

address pay anomalies and implement a consistent and fair pay structure that supports personal development is now underway.

Colleagues across the business have also been involved in work to develop a framework of behaviours that define the Fortis Way of working for the future. This will be a prime focus for us going forward as we continue to define our position as a top employer.

Throughout our transformation we have maintained strong support for our drive to recruit and develop apprentices, particularly from our local communities. Our commitment was recognised this year Fortis Living was named as an exemplar employer and a Worcestershire Apprenticeship Ambassador. We now have 23 apprentice colleagues across the Group each bringing drive, enthusiasm and fresh ideas to our work.

### Financial Review

The Company's income and expenditure account and balance sheet statement are included on pages 19 and 20 and the Company's results over the last five years are as follows:

	2015 £'000	2014 £'000	**2013 £'000	2012 £'000	*2011 £'000
Operating Surplus	9,197	7,521	6,415	4,259	4,573
Surplus on Sale of Fixed Assets	54	31	75	63	63
Interest and other non-operating costs	(698)	(1,356)	(1,614)	(971)	(360)
<b>Surplus for the Year</b>	<b>8,553</b>	<b>6,196</b>	<b>4,876</b>	<b>3,351</b>	<b>4,276</b>
Fixed Assets	210,025	184,356	119,454	58,837	52,741
Net Current Assets	25,075	11	735	439	1,162
<b>Total assets less current Liabilities</b>	<b>235,100</b>	<b>184,367</b>	<b>120,189</b>	<b>59,276</b>	<b>53,903</b>
Creditors after more than one year	79,682	43,000	33,200	31,700	29,700
Pension Liability	5,782	2,964	4,655	3,242	1,351
Revaluation reserve	106,884	101,833	54,366	-	-
Revenue reserve	42,752	36,570	27,968	24,334	22,852
Total members funds	235,100	184,367	120,189	59,276	53,903

Note: \* results from 2011 take account of implementing SORP 2010

\*\* results from 2013 show assets at valuation

The underlying core performance continues to be strong, but was supplemented in the year with strong results on property sales. Whilst shared ownership first tranche sales are expected to continue, the business plan is not dependent on them. Net surplus for the year continues to be strong, but all surpluses are reinvested in new and existing housing stock. New development is funded from a combination of surpluses generated and from new borrowing, as can be seen from the growth in long term creditors.

Asset values have continued to increase, partly due to revaluation, but also due to the development of new homes.

### Capital structure and treasury policy

The treasury management policy and strategy are reviewed annually and approved by the Board and are supported by independent professional advice. The Group maintains a risk-averse approach to its loan portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs whilst minimising cash balances, borrowing and interest on borrowings.

During the year the Company made use of the government guarantee and secured funding through

## Strategic Report 2015 (incorporating the Operating and Financial Review)

Affordable Housing Finance. As at March 2015, the Company had total loan facilities of £85m of which £20m relates to AHF funding.

Prior to merger Barclays facilities and debt was restructured to allow a cancellation of the WCH facility in April 2016. However, discussions are under way to extend this facility for up to a further five years to 2021.

During the year security was released from the Barclays facility to be used as security with the AHF facilities and further release is planned as part of the refinancing of this facility.

Discussions have also taken place with AHF regarding further facilities to fund new development, and the business plan assumes that further facilities will be arranged during 2015/16 and 2016/17. (The AHF fund is available for two more years.)

<u>Summary Loan Facilities</u>	Facility	Fixed	Variable	Callable	Rate*
	£M	£M	£M	£M	%
Barclays	65	-	65	-	1.50%
AHF	20	20	-	-	3.50%
	85	20	65	-	

\*Rate includes rate, margin and costs. Recent facilities have been arranged on a long term fixed rate basis, reducing the level of exposure to changes in variable rates of interest.

The Company also incurs commitment costs against arranged, but undrawn, facilities. At the date of this report all security is in place and funds available to draw.

### Housing properties

Savills have been appointed as external professional valuers to undertake an annual valuation of housing properties which, on an existing use for social housing basis (EUVSH), amounted to £198m (2014: £171m) with the revaluation surplus being taken to the Property Revaluation Reserve.

Combined with housing under construction, the Balance Sheet asset value achieved £205m indicating that there is sufficient capacity to continue to support future funding requirements during the next ten years, the period for which new development has been included in the business plan.

### Loan Covenants

The covenants monitored are Interest cover, Asset cover and Debt per unit, and all covenants continue to have significant headroom within them. The business plan is fairly resilient to these since assets more than cover existing facilities, and there is capacity to add to existing security if values fall. In the Barclays facility, there is over-security which can be released.

The Covenant position as at the year end is shown below:

- Interest Cover:** To demonstrate by how much net interest costs are covered by operational surplus

Loan Agreement	Actual
1.10	7.56

- Asset Cover:** To show by how much the value of loans is covered by the value of secured property

Loan Agreement	Actual
1.00	3.54

- Debt per Unit:** To show the value of loans expressed per charged property

Loan Agreement	Actual
£16,000	£11,478

## Strategic Report 2015 (incorporating the Operating and Financial Review)

### Cash Flows and Liquidity

Net flow of cash from the management of housing stock, new loans and capital grants helped to fund spending on the development of properties.

Cash, bank balances and investments at 31 March 2015 were £26m (2014: £3m), but £15m of this total represents funds held by lenders at the year end pending the arrangement of security. Net current assets were £25.1m (2014: £0.011m).

Current facilities enable a healthy margin of liquidity, and with all security now in place the full facility of £85m is available. The balance sheet debt position of £80m is balanced by a cash holding of £26m, which was used to pay down revolving facilities shortly after the year end.

### Risk Management

Risks that prevent the Company achieving its objectives are considered and reviewed regularly by the Management Team and the Board as part of the corporate planning process. The risks are assessed in terms of their impact and probability.

The top 5 major risks going forward are considered below:-

Business Area	Risk	Mitigation Strategies
Income Management	Less predictable income, Welfare Reform and Housing Benefit caps lead to reduced income.	Review of all rent collection processes and teams. Business Plan includes sensitivities to anticipate potential increase in arrears and bad debts.
Financial Strength	Insufficient facilities in place or breach of financial covenants due to impaired surplus or rising interest costs.	Arrange new facilities, and ensure covenant compliance. Potential scenarios are modelled in the business plan showing impact on surpluses, loan balances and covenants. Work closely with Treasury consultants.
Development and New Initiatives	Development ambitions not realised due to reduced funding or lack of available opportunities.	Work closely with developers in relation to potential S106 opportunities. Monitor impact of Community Infrastructure Levy and HCA policy developments.
Regulation	Failure to meet the requirements and challenges of the new regulatory framework.	The Company must ensure that it has an effective response to the new requirements particularly in respect of: <ul style="list-style-type: none"> <li>• Stress testing of business plans</li> <li>• Assets and liabilities registers</li> <li>• Preparation for In Depth Assessment</li> <li>• Data Quality</li> </ul>
Governance	Board has appropriate skills to meet new Regulatory requirements during Board renewal.	Robust succession and recruitment plan; induction and training of new Board members.

A Risk Management Review Group consisting of Directors and Senior Managers chaired by the Director of Information, Risk and Business Support is responsible for considering risk management at a strategic and operational level in Fortis Living.

## Strategic Report 2015 (incorporating the Operating and Financial Review)

Through the Risk Management Review Group, responsibility for individual risk management is firmly embedded through the roles and responsibilities of the relevant Managers who each take responsibility for the control environment within their functions.

### Value for Money (VFM)

The Board recognises its responsibility for meeting the requirements of the HCA's Value for Money standard, and, in particular, to take a strategic approach in managing the performance of the Company's assets and the utilisation of the Company's resources.

Both Festival & WCH had Board approved VFM strategies that embodied the principles of creating value and this approach was a key feature in developing the merger business case, which required the merger to increase the strength of the combined business and improve VFM for customers.

The merger Steering Group agreed a set of measures against which the Business Case should be assessed based on the underlying assumption that the new Group should be able to improve service delivery and customer satisfaction whilst reducing the economic risks to the business.

These VFM Priorities were stated as:

- Deliver efficiency and demonstrate value for money;
- Increase the delivery of new homes;
- Deliver improved benefits for customers and enhance community development activities;
- Improve the quality and efficiency of the internal operating environment;
- Improve the potential to manage risk; and
- Make a greater impact on the areas and key stakeholders.

The expected net annual efficiency saving to be delivered from the merger is forecast to exceed £3m by 2017/18 and a total saving of £10m is forecast to be delivered in the first five years after merger.

	2014/15	2015/16	2016/17	2017/18	2018/19	5 year
	£'000	£'000	£'000	£'000	£'000	£'000
Merger savings	1,020	2,171	3,127	3,269	3,421	<b>13,008</b>
Merger Costs	(1,086)	(1,016)	(1,160)	(57)	-	<b>(3,319)</b>
Net Saving	(66)	1,155	1,967	3,212	3,421	<b>9,689</b>

The merger business case also stipulated that 80% of the savings would be invested in building new homes with the balancing 20% invested in improving customer services.

The year 1 merger cost budget of £1.086m included allowances for legal and finance costs, staff restructuring, and integration support. Some of these costs have been either avoided or absorbed into existing budgets with the actual costs incurred of **£0.885m** relating mainly to the restructuring of staff.

Against a merger savings budget of £1.020m, **£1.097m** has been delivered. The business case expected costs and savings to be in balance in year 1, but this expectation has been outperformed. Whilst the merger costs are one-off costs in year, the savings are permanent and reduce the operating cost base in future years.

A detailed review of delivery against the merger business case is included in the separate VFM self-assessment, which has been prepared at Group level for the Fortis Living Group.

## Strategic Report 2015 (incorporating the Operating and Financial Review)

### VFM: Financial Performance and Benchmarks

Company Key Financial Results	2014/15 £M	2013/14 £M	2012/13 £M
Turnover	<b>26.57</b>	24.42	23.06
Operating Surplus	<b>9.20</b>	7.52	6.42
Interest	<b>0.70</b>	1.36	1.61
Net Surplus	<b>8.55</b>	6.20	4.88
Net Assets	<b>235.10</b>	184.37	120.19
Funding	<b>79.68</b>	43.00	33.20

The underlying core performance continues to be strong, but both turnover and surplus were supplemented in the year with strong results on property sales. Shared ownership first tranche sales will continue in future years, but the business plan is not dependent on them.

Net surplus for the year continues to be strong and will be reinvested in new and existing housing stock. New development is funded from a combination of surpluses generated and from new borrowing, as can be seen from the growth in long term creditors.

Asset values have continued to increase, partly due to revaluation, but also due to the development of new homes.

The following ratios have been benchmarked against the 2014 Global Accounts for the sector using a sample of LSVT HAs with stock in the range 10,000 to 20,000 units (except \* this benchmark provided by HouseMark).

Company Key Financial Ratios:	Benchmark	2014/15	2013/14	2012/13
Operating Margin %	23.8%	<b>34.6%</b>	30.8%	27.8%
EBITDA Interest Cover	2.6	<b>12.0</b>	6.4	5.1
EBITDA (MRI) Interest Cover	-	<b>7.3</b>	1.8	3.3
Cost of funds %	*4.39%	<b>1.99%</b>	5.10%	5.87%
Debt per unit £K	12.7	<b>15.8</b>	9.0	7.1
Gearing Ratio %	56.7%	<b>33.9%</b>	23.3%	27.6%
Return on Net Assets %	2.4%	<b>3.6%</b>	3.4%	4.1%

Operating margin and interest cover considerably outperform the benchmarks, but the benchmark shows a lower debt per unit. The Gearing Ratio (Debt/Net Assets) is lower than the sample indicating that the Group has more capacity to borrow despite the larger debt per unit.

Return on Net Assets performs well against the benchmark sample. £20m of new facilities were arranged during the year at competitive rates which will help contain the future cost of funds, which was considerably lower than prior years due to funds being drawn on short term variable rates.

The separate Group VFM self-assessment includes further information on stock condition and performance, together with details of the social and environmental returns generated from investment in our stock.

## Strategic Report 2015 (incorporating the Operating and Financial Review)

### VFM: HouseMark Efficiency Summary

HouseMark benchmarking has been performed at Group level, but some cost benchmarking has been undertaken at the individual Company level.

#### HouseMark Cost per Property Measures

	<b>Benchmark</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>
Overheads / Turnover %	10.2%	<b>6.6%</b>	9.0%	9.1%
Major & Cyclical Works £	1,334	<b>1,253</b>	2,062	1,261
Voids £	209	<b>181</b>	140	164
Responsive £	433	<b>376</b>	462	493
Housing Management £	384	<b>383</b>	390	347
Total HouseMark CPP £	2,360	<b>2,193</b>	3,053	2,265

All Cost per Property measures for 2014/15 present the combined Group result and are all upper quartile. The Housing Management Cost is expected to improve in 2015/16 as the restructure of services is now complete. Maintenance costs are closely managed through use of Fortis Property Care.

The following HouseMark quality KPIs show a good response against the benchmarks with all indicators except arrears in the top quartile.

#### Key Customer Performance Indicators and Benchmarks

<b>KPI:</b>	<b>Benchmark</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>
Overall Satisfaction	91%	<b>*93%</b>	87.0%	86.0%
Current Tenant Arrears as percentage of rent due	3.6%	4.5%	6.6%	5.2%
Bad Debts	1.3%	1.0%	1.1%	0.8%
Void Rent Loss	1.3%	0.8%	0.5%	0.8%
Average days to re-let our homes	32	23	17	18
Repairs completed right first time	89%	<b>*93%</b>	85%	88%

\*Collected at Group level

The following table highlights the level of investment in existing in and new stock and also shows our compliance with the Decent Homes Standard and the Gas Safety regulations.

#### Key Growth & Investment Performance Indicators and Benchmarks

<b>KPI:</b>	<b>Benchmark</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>
Major Works Revenue £M	-	<b>2.42</b>	2.13	2.26
Major Works Capitalised £M	-	<b>2.98</b>	6.43	2.00
<b>Total Investment £M</b>	-	<b>5.40</b>	8.56	4.26
New Homes completed	-	312	96	107
<b>New Homes Investment £M</b>	-	<b>23.93</b>	17.62	8.64
Decent Homes	100%	<b>100%</b>	100%	100%
Gas Safety	100%	<b>100%</b>	100%	100%

## Strategic Report 2015 (incorporating the Operating and Financial Review)

### Future Priorities

Following the Government's Summer Budget on 8 July 2015, where a reduction of 1% per annum on rents for the four years 2016/20 was announced, the Board has reviewed the medium term cashflow and is assured that the Group will continue to meet loan covenants throughout the business planning period.

However, the changes in our operating environment due to this Budget will require the Group to review both the Strategic Plan and the financial business plan and this review is likely to result in an update of our future VFM objectives.

The merger Business Case set out a three year plan to achieve the optimum level of savings, and work will continue to deliver the plan. Most areas of the business have been merged and restructured, and this programme will complete during 2015/16.

There will also be a review during the year to harmonise all employment terms and conditions across the Group.

The strategic plan has both short and medium term objectives, and these will continue to be delivered throughout the year.

### Overall VFM assessment

The VFM self-assessment demonstrates that Fortis Living complies with the HCA's VFM standard.

We have:

- Robust decision making on the use of resources
- SMART performance management and scrutiny functions
- Understanding of the costs and outcomes of delivering our services

To improve over the next 12 months we will:

- Provide more opportunities for our Customer and Communities Panel to scrutinise our performance
- Review options and implement a method of measuring our Social Return on Investment
- Harmonise Terms and Conditions across the Group
- Continue to monitor the delivery of the merger Business Case
- Update the VFM Strategy
- Update the Procurement Strategy
- Review our approach to voids management

The savings that we achieve are used to support the delivery of more sustainable homes for our communities.

The Statutory Accounts and Value for Money Self-assessment approved by the Board will be published on the Group website at <http://www.fortisliving.com> after the Annual General Meeting on 22 September 2015.

### STATEMENT OF COMPLIANCE

The Board confirms that the Operating and Financial Review has been prepared in accordance with the principles set out in the Standard of Recommended Practice for Registered Providers (2010 update).

The Strategic Report (incorporating the Operating and Financial Review) was approved by the Board on 3 September 2015 and signed on its behalf by:



ANDREW HOWARTH  
SECRETARY

## **Report of the Independent Auditors to the members of Worcester Community Housing Limited 2015**

We have audited the financial statements of Worcester Community Housing Limited for the year ended 31 March 2015 which comprise the Income and Expenditure Account, Balance Sheet and Statement of Total Recognised Surpluses and Deficits 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) "UK GAAP".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the board and auditor**

As explained more fully in the Statement of the Board's Responsibilities set out on page 7, 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 Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic and Board Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Report of the Independent Auditors to the members of Worcester Community Housing Limited 2015

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Beever and Struthers*

MARIA HALLOWS (Senior Statutory Auditor)

For and on behalf of  
BEEVER AND STRUTHERS  
Chartered Accountants and Statutory Auditors

St George's House  
215 – 219 Chester Road  
Manchester  
M15 4JE

Date: 3.9.15

**Income and Expenditure Account**  
**For the year ended 31 March 2015**

	Notes	2015 £'000	2014 £'000
<b>Turnover</b>	<b>2&amp;3</b>	26,570	24,418
Cost of sales	<b>2</b>	(1,048)	(791)
Operating costs	<b>2&amp;3</b>	(16,325)	(16,106)
<b>Operating surplus</b>	<b>2</b>	<u>9,197</u>	<u>7,521</u>
Surplus on sale of fixed assets	<b>4</b>	54	31
Interest receivable and similar income		98	19
Interest payable and similar charges	<b>5</b>	(990)	(1,530)
Other finance income	<b>20</b>	194	155
<b>Surplus on ordinary activities before taxation</b>	<b>6</b>	<u>8,553</u>	<u>6,196</u>
Tax on surplus on ordinary activities	<b>7</b>	-	-
<b>Surplus for the year after taxation</b>	<b>20</b>	<u><u>8,553</u></u>	<u><u>6,196</u></u>

The turnover and operating surplus all relate to continuing operations.

**Statement of Total Recognised Surpluses and Deficits**

	Notes	2015 £'000	2014 £'000
Surplus for the financial year		8,553	6,196
Actuarial (deficit)/surplus relating to pension scheme	<b>19</b>	(2,797)	1,920
Unrealised surplus on revaluation of housing properties		5,502	47,953
Total recognised surplus for the year		<u>11,258</u>	<u>56,069</u>
Prior year adjustment			<u>54,072</u>
Total surplus recognised since last report			<u><u>110,141</u></u>

**Statement of Historical Cost Surpluses and Deficits**

	2015 £'000	2014 £'000
Reported surplus on ordinary activities	8,553	6,196
Realisation of property revaluation surplus	<u>426</u>	<u>486</u>
Surplus on ordinary activities	<u>8,979</u>	<u>6,682</u>

The notes on pages 21 to 36 form part of these financial statements.

**Company Balance Sheet**  
 As at 31 March 2015

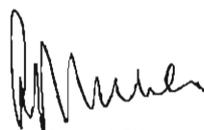
	Notes	2015 £'000	2014 £'000
<b>Tangible fixed assets</b>			
Housing properties	10	205,371	179,491
Other tangible fixed assets	11	4,654	4,865
		<u>210,025</u>	<u>184,356</u>
<b>Current assets</b>			
Housing properties for sale	12	2,103	534
Debtors	13	2,843	2,118
Investments	14	5,682	103
Cash at bank and in hand		20,019	2,664
		<u>30,647</u>	<u>5,419</u>
<b>Creditors due within one year</b>	15	<u>(5,572)</u>	<u>(5,408)</u>
<b>Net current assets</b>		25,075	11
<b>Total assets less current liabilities</b>		<u>235,100</u>	<u>184,367</u>
<b>Creditors due after more than one year</b>	16	79,682	43,000
<b>Pension liability</b>	19	5,782	2,964
<b>Reserves</b>			
Revaluation reserve	20	106,884	101,833
Revenue reserve	20	42,752	36,570
		<u>235,100</u>	<u>184,367</u>

The notes on pages 21 to 36 form part of these financial statements.

The financial statements on pages 19 to 36 were approved by the Board of Directors and authorised for issue on the 3 September 2015 and were signed on its behalf by:



**Mike Moyles**  
 Chair



**Andrew Milner**  
 Board Member and  
 Chair of Audit & Risk  
 Committee



**Andrew Howarth**  
 Secretary

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

## **1 Accounting policies**

### **Company status**

The Company was incorporated as a private limited Company on 29 August 2003 and commenced trading on 27 March 2004. It is a Company limited by guarantee and the liability of each member is limited to the sum of £1. It is a Registered Provider and a registered charity.

### **Basis of Accounting**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and comply with the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers update 2010, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 and the Companies Act 2006.

The financial statements are prepared under the historical cost convention, modified by the policy of revaluing the completed housing properties on an annual basis.

### **Turnover**

Turnover represents rental and service charge income receivable, income from shared ownership first tranche sales, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and other income from non-social housing.

### **Right to buy sales**

Surpluses and deficits arising from the disposal of properties under the Right to Buy legislation are disclosed on the face of the income and expenditure account after the operating result and before interest. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by the City of Worcester. The surplus or deficit is calculated by comparing the net proceeds received by the Company with the book value of the property sold.

### **Taxation**

The Company adopted charitable objectives on 1 April 2005 and charitable status was confirmed by the Charities Commission on 1 June 2005. Worcester Community Housing Foundation Limited also operates under charitable status. The charitable activities of the Company are exempt from taxation under Section 505 of the Income & Corporation Tax Act 1988.

### **Deferred taxation**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

### **Value Added Tax (VAT)**

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

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**1 Accounting policies (continued)**

**Pension costs**

The Company participates in the Local Government Pension Scheme (LGPS), a defined benefits scheme managed by Worcestershire County Council. Contributions to the pension scheme are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice.

The Company is also a contributing member of the Social Housing Pension Scheme (SHPS) defined contribution scheme.

The cost of providing retirement pensions and related benefits is charged to the income and expenditure account over the period benefiting from the employee's service in accordance with FRS17.

Full disclosure is given in the Group accounts.

**Interest payable**

Interest payable is capitalised, to the extent that it is deemed to be financing the development programme. All other interest is charged to the Income and Expenditure Account in the year in which it is incurred.

Costs directly connected with the raising of finance are deducted from loans and written off evenly over the life of the loan in the income and expenditure account. All other refinancing costs are written off as incurred.

**Housing properties**

Housing properties including shared ownership are independently valued on an annual basis. The surplus or deficit on revaluation is transferred to a revaluation reserve.

The surplus or deficit on revaluation is the difference between the cost of the property less capital grant and the amount of the valuation.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

**Improvements to properties**

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties in the course of construction are stated at cost and are not depreciated, whilst expenditure on development schemes which are subsequently aborted is written off.

**Shared Ownership properties**

All completed properties are split proportionally between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sale and matched against sales proceeds to generate the surplus on disposal within the Income and Expenditure Account. The remaining element of the asset is classified as a fixed asset and included within housing properties.

**Social Housing Grant**

Where developments have been financed wholly or partly by Social Housing Grant (SHG), the cost of those developments has been reduced by the amount of grant received. SHG is allocated to the land and structure components in proportion to their cost. Where SHG is received on items treated as revenue expenditure, e.g. elements of major repair expenditure, it is treated as a revenue grant and credited to the Income and Expenditure Account.

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**1 Accounting policies (continued)**

SHG may be repayable in certain circumstances, even where it has been treated as a revenue grant for accounting purposes, such as where development of a property is not completed or when it is sold. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

At the balance sheet date SHG due from the HCA or received in advance is included as a current asset or liability.

**Cyclical and responsive repairs**

Expenditure incurred on responsive and cyclical repairs to the housing stock is expensed to the income and expenditure account in the year in which it is incurred.

**Operating leases**

The cost of operating leases is charged to the income and expenditure account.

**Reporting the substance of transactions**

Housing stock was acquired from Worcester City Council, on an improved basis, whilst simultaneously entering into a sub contract (development agreement) to undertake a programme of improvement works on behalf of the Council.

Accounting Standard, FRS5, 'Reporting the Substance of Transactions', which establishes the most appropriate accounting treatment by considering the underlying purpose and intention of the transaction rather than following the strict legal form has been applied to the corresponding transactions.

Expenditure under the Development Agreement is therefore accounted for as it is incurred, over the first ten years, rather than as a transaction that took place legally on the date of transfer.

**Housing properties depreciation**

Freehold land is not depreciated, but depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to housing properties, less residual value. Housing properties in the course of development are stated at cost and are not depreciated.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

<b>Core Component</b>	<b>Life/ years</b>	<b>Rate</b>
Structure	100	1.0%
Kitchen	20	5.0%
Bathroom	30	3.3%
Boiler	15	6.7%
Electric	30	3.3%
Windows & Doors	30	3.3%
Roofs (pitched)	60	1.7%
Heating	30	3.3%
Cladding	50	2.0%
Lifts	30	3.3%
Door Entry Systems	15	6.7%

**Impairment**

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**1 Accounting policies (continued)**

Where there is evidence of impairment, fixed assets are written down to the recoverable amount, being the higher of the net realisable value or the value in use to the Company. Any such write down is charged to operating surplus.

**Other tangible fixed assets**

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal rates used for other assets are:

<b>Other Fixed Asset</b>	<b>Life/ years</b>	<b>Rate</b>
Office premises	100	1.0%
Leasehold property	Over remaining	
Leasehold Improvements	life of lease	
Office Furniture and Equipment	4	25%
Computers	4	25%
Plant and Equipment	5	20%
Elemental Assets	15	6.7%
Motor Vehicles	4	25%

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value. Any investments listed on a recognised stock exchange are stated at market value.

**AHF Bond Premium**

The premiums on the issue of the Haven Bond and AHF Bond are included in creditors and are being written off over the period of the loans.

**Revaluation Reserve**

The difference between the carrying value of land and structure and historical cost is credited to the housing properties revaluation reserve.

**Cash Flow Statement**

Following the opportunity provided by the Statement of Recommended Practice: "Accounting by registered social housing providers" (update 2010), cash flow information is disclosed in the Group's consolidated cash flow statement.

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**2 Turnover, cost of sales, operating costs and operating surplus**

<b>Year ended 31 March 2015</b>	<b>Turnover</b>	<b>Cost of Sales</b>	<b>Operating costs</b>	<b>Operating Surplus/ (Deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social housing lettings</b>				
General needs housing	18,793	-	11,052	7,741
Supported housing	3,814	-	3,498	316
Shared ownership	296	-	56	240
	<b>22,903</b>	<b>-</b>	<b>14,606</b>	<b>8,297</b>
<b>Other social housing activities</b>				
Supported housing	378	-	347	31
First tranche shared ownership sales	1,581	1,048	-	533
Housing services	1,022	-	1,013	9
Property managed by others	35	-	45	(10)
Other	71	-	-	71
	<b>3,087</b>	<b>1,048</b>	<b>1,405</b>	<b>634</b>
<b>Non-social housing activities</b>				
Market rent	122	-	1	121
Leaseholders	92	-	73	19
Shops	189	-	134	55
Garages	53	-	28	25
Falls response	80	-	61	19
Other	44	-	17	27
	<b>580</b>	<b>-</b>	<b>314</b>	<b>266</b>
	<b>26,570</b>	<b>1,048</b>	<b>16,325</b>	<b>9,197</b>
<b>Year ended 31 March 2014</b>				
	<b>Turnover</b>	<b>Cost of Sales</b>	<b>Operating costs</b>	<b>Operating Surplus/ (Deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social housing lettings</b>				
General needs housing	17,699	-	10,453	7,246
Supported housing	3,366	-	3,059	307
Shared ownership	-	-	-	-
	<b>21,065</b>	<b>-</b>	<b>13,512</b>	<b>7,553</b>
<b>Other social housing activities</b>				
Supported housing	781	-	1,303	(522)
First tranche shared ownership sales	1,047	791	-	256
Housing services	1,111	-	1,067	44
Property managed by others	-	-	-	-
Other	59	-	-	59
	<b>2,998</b>	<b>791</b>	<b>2,370</b>	<b>(163)</b>
<b>Non-social housing activities</b>				
Market rent	-	-	-	-
Leaseholders	90	-	66	24
Shops	203	-	134	69
Garages	61	-	24	37
Falls response	-	-	-	-
Other	1	-	-	1
	<b>355</b>	<b>-</b>	<b>224</b>	<b>131</b>
	<b>24,418</b>	<b>791</b>	<b>16,106</b>	<b>7,521</b>

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**3 Income and expenditure from social housing lettings**

				<b>2015</b>	<b>2014</b>
	<b>General needs</b>	<b>Supported housing</b>	<b>Shared ownership</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rents receivable net of identifiable service charges	17,764	2,646	253	20,663	19,218
Service charge income	1,017	1,155	43	2,215	1,833
Charges for support services	12	13	-	25	14
<b>Turnover from social lettings</b>	<b>18,793</b>	<b>3,814</b>	<b>296</b>	<b>22,903</b>	<b>21,065</b>
Management	3,636	1,271	23	4,930	5,167
Service charge costs	558	915	-	1,473	878
Routine maintenance	1,959	297	-	2,256	2,014
Planned maintenance	478	109	-	587	656
Major repairs expenditure	1,940	480	-	2,420	2,131
Bad debts	223	13	4	240	229
Property lease charges	-	-	-	-	10
Depreciation	2,258	413	29	2,700	2,427
<b>Operating costs on social housing lettings</b>	<b>11,052</b>	<b>3,498</b>	<b>56</b>	<b>14,606</b>	<b>13,512</b>
<b>Operating surplus on social housing lettings</b>	<b>7,741</b>	<b>316</b>	<b>240</b>	<b>8,297</b>	<b>7,553</b>
Voids	136	54	-	190	112

**4 Surplus on disposals**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Right to buy sales</b>		
Proceeds of sale	1,510	1,343
Less:		
Proceeds to be repaid to Worcester County Council	(267)	(631)
Proceeds to be repaid to Worcester City Council	(68)	-
Cost of sale	(1,121)	(703)
<b>Land sales</b>		
Proceeds of sale	-	22
<b>Net surplus on disposal</b>	<b>54</b>	<b>31</b>

Payments to Worcester City Council for Right to Buy sales since transfer total £7,441,112, (£7,489,916 including interest).

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**5 Interest payable and similar charges**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Loans repayable in more than five years	1,149	1,620
Costs of rearranging finance	72	325
	<u>1,221</u>	<u>1,945</u>
Interest capitalised on housing properties	<u>(231)</u>	<u>(415)</u>
	<u>990</u>	<u>1,530</u>

Interest has been capitalised at 1.55% (2014: 5.0%).

**6 Surplus on ordinary activities before taxation**

The operating surplus for the year is stated after charging:

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Depreciation of housing properties	2,386	2,141
Depreciation of other tangible fixed assets	369	379
Auditors remuneration:		
In their capacity as auditors	-	25
In respect of other services	-	-
Land and buildings – operating leases	12	12
Hire of motor vehicles – operating leases	108	104
Hire of other assets – operating leases	16	16

From 1 April 2014, Auditors remuneration is paid by the ultimate Parent undertaking, Fortis Living.

**7 Taxation**

(a) Tax Charge

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
UK Corporation Tax at 21% (2014: 23%)	-	-
Adjustment in respect of prior years' UK Corporation Tax	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for period

<b>Current tax reconciliation</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Surplus on ordinary activities before tax	<u>8,553</u>	<u>6,196</u>
Current tax at 21% (2014: 23%)	1,796	1,425
Effects of:		
Charitable (income)/expense not subject to tax	<u>(1,796)</u>	<u>(1,425)</u>
Total current tax charge	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The Company amended its Memorandum and Articles of Association on 1 April 2005 to adopt charitable objectives. Charitable status was confirmed by the Charities Commission on 1 June 2005. Worcester Community Housing Foundation Limited also operates under charitable status.

The charitable activities for both companies are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**8 Staff costs**

Fortis Living employs all the staff and subsidiaries are recharged with applicable costs. Full disclosure is given in the Group accounts.

**9 Directors' emoluments**

Fortis Living employs all the staff and subsidiaries are recharged with applicable costs. Full disclosure is given in the Group accounts.

**10 Tangible fixed assets – Housing properties**

	Social housing properties for lettings £'000	Housing properties under construction £'000	Shared ownership properties £'000	Shared ownership properties under construction £'000	Total as at 31 March 2015 £'000
<b>Cost/Valuation</b>					
At 1 April 2014	169,240	9,916	2,030	1,533	182,719
Additions	-	18,212	-	5,721	23,933
Works to existing properties	2,979	-	-	-	2,979
Schemes completed	19,203	(19,203)	6,760	(6,760)	-
Disposals	(841)	-	(350)	-	(1,191)
Transfer to parent	(40)	-	-	-	(40)
Revaluation	(550)	-	(675)	-	(1,225)
At 31 March 2015	<u>189,991</u>	<u>8,925</u>	<u>7,765</u>	<u>494</u>	<u>207,175</u>
<b>Depreciation</b>					
At 1 April 2014	-	-	-	-	-
Charge for year	(2,355)	-	(31)	-	(2,386)
Released on disposals	-	-	-	-	-
Transfer to parent	2	-	-	-	2
Revaluation	2,353	-	31	-	2,384
At 31 March 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Social Housing Grants</b>					
At 1 April 2014	-	(2,863)	-	(365)	(3,228)
Additions	-	(2,484)	-	(433)	(2,917)
Schemes completed	(3,735)	3,735	(606)	606	-
Revaluation	3,735	-	606	-	4,341
At 31 March 2015	<u>-</u>	<u>(1,612)</u>	<u>-</u>	<u>(192)</u>	<u>(1,804)</u>
<b>Net book value</b>					
<b>At 31 March 2015</b>	<u><b>189,991</b></u>	<u><b>7,313</b></u>	<u><b>7,765</b></u>	<u><b>302</b></u>	<u><b>205,371</b></u>
At 31 March 2014	<u>169,240</u>	<u>8,221</u>	<u>2,030</u>	<u>-</u>	<u>179,491</u>

**10 Tangible fixed assets – Housing properties (continued)**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Housing properties in management comprise:</b>		
Freehold	189,957	169,206
Long leasehold	31	31
Freehold properties managed by a third party	3	3
Shared ownership	7,765	2,030
Under construction	7,615	8,221
	<u>205,371</u>	<u>179,491</u>
<b>Housing properties comprise:</b>	<b>Number</b>	<b>Number</b>
General needs housing	4,057	3,906
Supported housing and housing for older people	813	771
Long leasehold	39	46
Market rent	14	-
Other managed by third party	10	7
Shared ownership	133	49
	<u>5,066</u>	<u>4,779</u>
Garages	<u>384</u>	<u>432</u>
<b>Cost or valuation after depreciation:</b>	<b>£'000</b>	<b>£'000</b>
Gross cost	127,480	101,348
Social Housing and other grants	(15,389)	(12,472)
Depreciation	(13,602)	(11,218)
Revaluation	106,882	101,833
	<u>205,371</u>	<u>179,491</u>

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH) as at 31 March 2015. The existing use value for social housing assesses the dwellings on the basis that they would be managed and owned by an organisation committed to the provision of rented accommodation let at an affordable rent, and that the vacant units would be re-let on similar terms rather than sold into the open market.

The EUV-SH attributed to the Housing Stock as at 31 March 2015 was £156.6m for the 4,398 properties secured through Barclays loan facility and an AHF Bond.

Savills (UK) Ltd, Chartered Surveyors, carried out the valuation in accordance with the RICS Appraisal and Valuation Standards and takes into account the performance standards for Registered Provider published by the former Housing Corporation.

## **10 Tangible fixed assets – Housing properties (continued)**

The valuation method discounts the future cash flows from rental and other income less management, maintenance and repair expenditure to their present value.

The main assumptions used were:

Discount Rate	5.5% to 6.5% (real) 8.1% to 9.2 (nominal)
Rate of Inflation (RPI)	2.5%
Annual Rent Increases	Rent increases at CPI plus 1.0% assuming a long-term rate of 2.0% for CPI
Annual increase in expenditure	0.5% to 1.0% (real) over CPI
Property Sales	Forecasts of Right to Buy sales are based on stock analysis, past experience and current trends.

Worcester Community Housing Limited  
Notes to the Financial Statements 2015

**11 Other tangible fixed assets**

	Land	Buildings	Leasehold Improve'ts	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Computer Eq't	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>								
At 1 April 2014	1,190	3,141	77	1,052	526	173	1,252	7,411
Additions	-	4	-	16	51	2	85	158
Disposals	-	-	-	-	-	-	-	-
At 31 March 2015	1,190	3,145	77	1,068	577	175	1,337	7,569
<b>Depreciation</b>								
At 1 April 2014	-	(464)	(46)	(515)	(391)	(121)	(1,009)	(2,546)
Charge for the year	-	(63)	(8)	(70)	(69)	(34)	(125)	(369)
Disposals	-	-	-	-	-	-	-	-
At 31 March 2015	-	(527)	(54)	(585)	(460)	(155)	(1,134)	(2,915)
<b>Net book value</b>								
<b>At 31 March 2015</b>	<b>1,190</b>	<b>2,618</b>	<b>23</b>	<b>483</b>	<b>117</b>	<b>20</b>	<b>203</b>	<b>4,654</b>
<b>At 1 April 2014</b>	<b>1,190</b>	<b>2,677</b>	<b>31</b>	<b>537</b>	<b>135</b>	<b>52</b>	<b>243</b>	<b>4,865</b>

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**12 Housing properties for sale**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Shared ownership properties under construction	494	-
Completed shared ownership properties	1,609	534
	<u>2,103</u>	<u>534</u>

**13 Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
<b>Rental debtors</b>		
Current tenants	622	486
Former tenants	354	243
Housing benefit	678	608
	<u>1,654</u>	<u>1,337</u>
Less: provision for bad debts	(725)	(542)
	929	795
VAT refund due	-	307
Prepayments and accrued income	319	505
Housing grants receivable	1,297	23
Other debtors	325	520
Less: provision for bad debts	(27)	(32)
	<u>1,914</u>	<u>1,323</u>
	<u>2,843</u>	<u>2,118</u>

**14 Investments**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Cost	5,680	103
Revaluation	2	-
	<u>5,682</u>	<u>103</u>

The investments at market value are as follows:

Term bank deposits	762	-
UK Treasury Gilts	4,920	103
	<u>5,682</u>	<u>103</u>

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**15 Creditors due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	500	1,647
Amounts due to group undertakings	739	-
WCC right to buy receipts	267	631
Other taxation and social security costs	235	173
Disposals proceed fund (see below)	60	-
Other creditors	283	84
Accruals and deferred income	3,488	2,873
	<u>5,572</u>	<u>5,408</u>

**Disposal Proceeds Fund**

At 1 April	-	69
Transfers in from sale of properties	60	-
Utilised in year	-	(69)
At 31 March	<u>60</u>	<u>-</u>

**16 Creditors due after more than one year**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
AHF Bond funding	20,000	-
Premium on issue of Bond	1,706	-
Financing costs	(124)	-
	<u>21,582</u>	<u>-</u>
Bank Loans	32,600	43,000
Inter company loan	25,500	-
	<u>79,682</u>	<u>43,000</u>

The AHF Bond is secured by specific charges on the freehold housing properties. Interest is payable at the rate of 3.8%.

The bank loans are variable, and are secured by specific charges on the freehold & leasehold housing properties. Interest is payable at the LIBOR rate of 1.45%.

The inter company loan is from Festival Housing Limited.

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**17 Development agreement**

The Company entered into a Development Agreement co-incident with the date of transfer of the housing stock from Worcester City Council, to carry out an agreed schedule of refurbishment works to the properties. The value of these works was £61 million. The cost to the City of Worcester of contracting for these works to be undertaken was offset against an equal increase in the purchase price of the stock paid by the Company. This transaction is not reflected in the financial statements. The works contracted will be carried out over an envisaged ten year period and will be recognised as they are undertaken, in accordance with the accounting policy for major, cyclical and responsive repairs. In the event that the Company chooses not to complete the works specified, the development agreement may be terminated at no financial loss to the Company.

**18 Deferred taxation**

The charitable activities are exempt from taxation under Section 505 of the Income & Corporation Tax Act 1988. Therefore no provision for deferred tax has been made at 31 March 2015.

**19 Pension obligations**

Full disclosure is given in the Group accounts.

**20 Reserves**

<b>Company</b>	<b>Investment Revaluation Reserve £'000</b>	<b>Property Revaluation Reserve £'000</b>	<b>Revenue Reserve £'000</b>	<b>Total £'000</b>
As at 1 April 2014	-	101,833	36,570	138,403
Surplus/(deficit) for the year	-	-	8,553	8,553
Actuarial surplus/(deficit) relating to pension scheme	-	-	(2,797)	(2,797)
Revaluation in the year	2	5,500	-	5,502
Property transfer out	-	(25)	-	(25)
Transfer in respect of realised gain on disposal of revalued properties	-	(426)	426	-
As at 31 March 2015	2	106,882	42,752	149,636

**Worcester Community Housing Limited**  
**Notes to the Financial Statements 2015**

**21 Capital commitments**

At 31 March 2015 the Company had the following capital commitments for development projects:

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Capital expenditure contracted for but not provided for in the financial statements	<u>7,987</u>	<u>20,718</u>
Capital expenditure authorised but not yet contracted for in the financial statements	<u>3,184</u>	<u>-</u>

The Company expects to finance the expenditure above by loans, Social Housing Grant or own resources.

**22 Operating leases**

At 31 March 2015 the Company was committed to making the following payments under non-cancellable operating leases.

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Operating leases which expire:		
Within 1 year	3	40
Within 2 to 5 years	122	113
Over 5 years	-	12
	<u>125</u>	<u>165</u>

**23 Related party disclosures**

There was one Councillor who served as director during the year. Worcester City Council is a party to the Transfer Agreement that established the Company and holds the right to nominate three directors to the Board.

During the course of the year, the Company made payments of £303,000 to Worcester City Council primarily in relation to office rates, long leasehold service charges, legal support services, planning applications, Homechoice Plus marketing and housing benefit overpayments.

The Council received £631,000 in relation to RTB sales that took place in 2013/14 and is due £267,000 in respect of RTB sales for 2014/15. These payments were made in accordance with the transfer agreement.

Total RTB payments to Worcester City Council since transfer amount to **£7.441m**.

## **23 Related party disclosures (continued)**

**Central Housing Investment Consortium Limited (CHIC)**, a company limited by guarantee with no share capital, was incorporated on 26<sup>th</sup> May 2010. Worcester Community Housing Limited, along with other regional Registered Providers, is a member of this company. CHIC's objectives are to create long term sustainable working partnerships to enable cost savings, performance measurement, support of local supplier initiatives and promotion of employment and training opportunities through long term contractual commitments.

Andrew Howarth, Executive Director Finance is a director of Central Housing Investment Consortium Limited. In 2014/15 an amount of £24,000 was paid to CHIC for membership.

## **24 Legislative provisions**

Worcester Community Housing Limited is incorporated under the Companies Act 2006.  
Worcester Community Housing Limited is registered under the Housing and Regeneration Act 2008.  
Worcester Community Housing Limited is registered under the Charities Act 1993 from 2005/06.

## **25 Subsidiary undertakings**

Worcester Community Housing Foundation is a wholly owned subsidiary and Fortis Living is the ultimate parent undertaking.