Regulator of Social Housing number: L3939

Walterton and Elgin Community Homes Limited

Annual report and financial statements

Year ended 31 March 2023

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Legal and administrative information

Chair of the Board	Stella Brade
Secretary and Chief Executive	Matthew Townsend
Board members	Linda Mokrane Elizabeth Thorpe Tracey Adam White Rahima Khanon Ahmed Lucine Pounder Anne Nacamuli Lee Tuffnell Paul Judge Ashraf Meleka Helen Mitchell David Robertson
Registered address	Selbourne House 36A Elgin Avenue London W9 3AZ Telephone: 020 7266 3347 Email: admin@wech.org.uk
Auditor	Beever and Struthers 150 Minories London EC3N 1LS
Principal solicitor	Wright Hassall Olympus Avenue Leamington Spa Warwickshire CV34 6BF
Principal bank	Virgin Money 154-158 Kensington High Street London W8 7RL
Regulator of Social Housing No.	L3939
Financial Conduct Authority No.	27378R
Independent Housing Ombudsman	L3939
National Housing Federation No.	3638

Report of the Board

1. Principal activity

Walterton and Elgin Community Homes (WECH) is a registered provider of social housing.

We operate only within the City of Westminster.

We own and manage 675 homes. We also have a community centre, park and provide some community and commercial spaces. WECH is a community own and democratically controlled organisation, with our residents in control.

Aims

WECH is a charitable Housing Association. Our aim is to provide homes at affordable rents for those in housing need. But WECH is not only a Housing Association, it is more over a Community organisation as we organise various community/ social services and events for the local community and therefore playing an active part in the regeneration of North Paddington.

WECH's aim over the next ten years is to continue to provide a service that is based on knowing our residents personally and having specific knowledge of the condition of WECH's property. WECH aims to build on the strong partnership between residents, staff, contractors, funders, local authority and statutory organisations and local voluntary organisations so that WECH can respond to the housing and other needs of our existing residents and contribute to the continuing regeneration of North Paddington.

Objectives

WECH's overall objectives are:

- To fulfil the commitment made to residents at the time of transfer
- To provide affordable high quality homes
- To manage and maintain efficiently all WECH's homes and other property
- To maximise the number of improved homes that WECH produces consistent with its objectives
- To support and sustain an active community within WECH's area of operation.

2. Performance

The Board reports a surplus for the year of £238,293 (2022: £244,965). During the year ended 31 March 2023, WECH spent £138,788 on the Elgin Estate scheme which was capitalised (2022: £74,510 capitalised) and £382,476 (2022: £210,032) on replacing components on homes such as kitchens and boilers.

The Elgin Estate Scheme is now mainly complete, with all homes occupied and the community centre and park being fully utilised. We are currently working through the remaining outstanding items with the developer and Employers Agent and releasing the final payments as work is completed.

The Board have considered WECH's operations and have concluded that there is a reasonable expectation that WECH has adequate resources to continue in operational existence for the foreseeable future. No significant concerns have been noted in the business plan updated for 2023/24. Therefore, the financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

Report of the Board

3. Statement of Board responsibilities

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

The Cooperative & Community Benefits Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that year.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply these 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 WECH 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 WECH and enable it to ensure that the financial statements comply with the Cooperative & Community Benefits Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

4. Resident Involvement

The Board members and officers throughout the year and up to the date of approval of these financial statements are listed on page 1. The Board is composed of elected members and co-opted members (who are experts appointed by the Board).

All members of WECH are eligible to stand for election to the Board. Voting takes place at WECH's annual general meeting, and all the members are entitled to vote.

Tenants or leaseholders who are Board members hold their tenancies and leases on normal terms and are not permitted to use their position as Board members to their personal advantage.

5. Value for money

Value for money is central to WECH's ethos and is enshrined in its Financial Standing Orders, the organisation's rules for the handling of finances.

WECH has a policy of installing components in homes which are designed to reduce ongoing maintenance costs. For example, good quality boilers are used in central heating systems and kitchen suppliers are chosen for the robustness of their kitchen units.

By achieving value for money on procurement, WECH can keep down the rent and service charges it charges to its tenants and leaseholders while still being able to provide an excellent service. The rents charged by WECH are generally significantly lower than those of other local social housing providers.

Report of the Board

Regulator of Social Housing (RSH) Value for Money metrics

	Achieved 2022/23	Achieved 2021/22	ABM 2022/23	Benchmark 2022/23	Target 2022/23	Target 2023/24
Reinvestment	1.05%	0.42%	3.98%	12.70%	1.90%	2.45%
New supply	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gearing	14.36%	10.38%	13.89%	7.70%	12.40%	17.44%
Interest cover	255.92%	436.91%	170.82%	274.00%	175.05%	235.50%
Cost per unit (social housing)	£5,016	£5,516	£5,188	£5,505	£7,450	£5,331
Operating margin (social)	11.69%	9.11%	13.21%	12.90%	7.23%	10.55%
Operating margin (overall)	11.32%	9.44%	11.15%	13.75%	7.23%	9.61%
Return on capital employed	1.18%	0.97%	1.18%	1.50%	0.74%	1.10%

In 2021-22, WECH was faced with increase cost as work not carried out in 2020-21 was carried out during 2021-22. In 2022-23 whilst some of the costs were reduced this was offset by an increased cost of materials and higher utilities costs. The increase in the loan and higher interest rates resulted in higher interest payable and thereby reducing the interest cover. The loan was increased as the Elgin Scheme moved towards completion and the final tranche of agreed borrowing was utilised thus increasing the gearing.

6. Compliance with the Regulatory Framework and Code of Governance

To ensure best practice and to demonstrate its commitment to the highest standards of leadership and control of the organisation the WECH Board has adopted the National Housing Federation 2020 Code of Governance.

The Board affirms that it has reviewed the Code and complies with all the requirements and provisions apart from those listed below. The Board is satisfied that these areas of non-compliance are not materially significant, do not weaken its ability to properly fulfil its duties as an effective Board and are, in the main, reflections of WECH's status as a resident-controlled organisation.

CORE PURPOSE OF BOARD - VISION AND STRATEGY: OPERATIONAL MATTERS TO BE LEFT TO STAFF - WECH's Rules and Standing Orders reserve some operational decisions to the Board, e.g. decisions on letting contracts for major works. Otherwise, operational management is delegated to staff. This level of operational involvement reflects WECH's size and the need to enshrine the principles of resident control over major contractual decisions that are significantly important to the organisation.

SIZE OF BOARD - WECH is a community based, resident-controlled organisation. It is collectively owned by its members, most of whom live in WECH properties. WECH's rules provide for 14 Board members elected from the membership and up to 6 Co-opted 'expert' Board members, appointed by the elected members. This size and ratio of Board ensures that residents will always be in a majority while also allowing for a significant number of members with a range of additional experience and expertise to sit on the Board. It is essential for WECH, a resident-controlled organisation, to have the relatively large number of residents on the Board that we do, to ensure that a reasonable cross section of residents by tenure, gender, ethnicity and location are elected

Report of the Board

to properly reflect the make-up of the resident population and make appropriate decisions about service delivery.

POLICIES FOR ADMISSION TO SHAREHOLDING MEMBERSHIP TO BE REGULARLY REVIEWED - WECH's rules set out the process for admission to shareholding membership. Membership is open but the Board has no discretion over accepting applications from residents living in WECH properties. Applications from non-residents can be considered at the Board's absolute discretion. This policy is central to the principle of resident control. The provision for co-opting additional Board members ensures that the Board can recruit candidates with expertise and knowledge which is found to be missing from among the elected members.

LENGTH OF BOARD MEMBER TERMS - WECH's Board is democratically elected in accordance with the procedures set out in the organisation's rules. The elected members co-opt additional support from candidates drawn from a variety of backgrounds but who have skills and experience appropriate for running an organisation such as WECH, and a commitment to the principle of resident control.

WECH's rules require that at least one third of the elected Board members stand down each year and may offer themselves for re-election. Elections at the AGM are often contested and this, together with natural churn has meant that the composition of the WECH Board is not static and membership is regularly replenished.

NO REAPPOINTMENTS FOR AT LEAST ONE FULL TERM OF OFFICE - WECH does not prohibit retiring Board members from standing for re-election or re-co-option. WECH's rules set out the processes for election and co-option to the Board. This is a transparent and democratic process and provides a high level of accountability. Failure to perform satisfactorily can be dealt with by the members voting poor performers off the Board.

The Board confirms that WECH has met the Regulator of Social Housing's regulatory expectations in the governance and financial viability standard. This requires registered providers of social housing to comply with all relevant law, their own governing documents, and regulatory requirements.

Statement of the qualities required by the Board of its members

The Board expects its elected members collectively to constitute a reasonable cross-section by location, tenure, gender and ethnicity of residents in WECH's properties. Board members are expected individually:

- to act as Board members in the interests of the whole WECH community;
- to participate positively in discussion of issues put to the Board for decision;
- to apply their experience (where appropriate) as WECH residents and their individual life and work-related skills and experience to their participation as Board members;
- to attend Board meetings regularly;
- to uphold the decisions of the Board.

To operate effectively, the Board requires specific skills in housing management, finance, housing development, building maintenance, human resources and housing policy. The Board expects its elected members to have regard to the need for these skills in co-opting experts to serve on the Board.

7. Identification and evaluation of key risks

The Board is responsible for defining, identifying, evaluating and controlling significant risks. The Board receives regular reports on significant risks facing WECH and details of significant changes to such risks. WECH's risk management procedures are reviewed annually by the Board.

Report of the Board

The Finance, Audit & Risk Committee regularly considers the question of fixing interest rates and makes recommendations to board. Currently the committee believes that a fixed interest rate is likely to cost WECH more than a variable rate in the long run. This will continue to be reviewed and, if the committee should decide that, on balance, WECH would be better off with a fixed rate, then it will recommend this to the Board.

8. Provision of information to auditors

The Board members who held office at the date of approval of this Board report confirm that, so far as each of them is aware, there is no relevant audit information of which WECH's auditors are unaware; each Board member has taken all necessary steps, as a Board member, to make him/herself aware of any relevant audit information and to establish that WECH's auditors are aware of that information.

Auditor

A resolution to re-appoint Beever and Struthers as external auditors will be proposed at the annual general meeting. They have indicated their willingness to be reappointed.

On behalf of the Board

Stella Brade, Chair of the Board

2023

Report of the independent auditors to the members of Walterton and Elgin Community Homes Limited

Opinion

We have audited the financial statements of Walterton and Elgin Community Homes Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of its income and expenditure 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 in England 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Report of the independent auditors to the members of Walterton and Elgin Community Homes Limited

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 3, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report of the independent auditors to the members of Walterton and Elgin Community Homes Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the board and reviewed correspondence and board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Report of the independent auditors to the members of Walterton and Elgin Community Homes Limited

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Chartered Accountants and Statutory Auditors
150 Minories, London, EC3N 1LS

Date:

Statement of comprehensive income

	Note	2023 £	2022 £
Turnover	2	4,496,508	4,238,775
Less: operating costs	2	(4,006,263)	(3,838,508)
Operating surplus on ordinary activities	4	490,245	400,267
Bank interest receivable	14	0	2,223
Bank interest payable	15	(251,952)	(157,525)
Surplus for the year		238,293	244,965

The notes on pages 15 to 29 form an integral part of these financial statements

All amounts relate to continuing activities.

All recognised gains and losses are included in this statement.

The above surpluses are the historical cost surpluses.

The financial statements on pages 11 to 29 were approved and authorised for issue by the Board on 2023 and were signed on its behalf by:

Stella Brade
Chair

Matthew Townsend
Secretary

Linda Mokrane
Vice Chair

Statement of financial position

	Note	As at 31 March 2023 £	£	As at 31 March 2022 £	£
Fixed assets					
Housing properties - depreciated cost			36,864,321		37,050,717
Other fixed assets			4,310,048		4,373,898
	8		41,174,369		41,424,615
Current assets					
Debtors	11	157,776		151,574	
Cash at bank and in hand		1,247,847		717,629	
		1,405,623		869,203	
Creditors falling due within one year	12	(946,321)		(1,170,176)	
Net current assets / (liabilities)			459,302		(300,973)
Total assets less current liabilities			41,633,671		41,123,642
Creditors: amounts falling due after more than one year	13		(18,435,217)		(18,163,481)
Net assets			23,198,454		22,960,161
Capital and reserves					
Share capital	16		666		666
Income & expenditure reserve			23,197,788		22,959,495
			23,198,454		22,960,161

The notes on pages 15 to 29 form an integral part of these financial statements

The financial statements on pages 11 to 29 were approved and authorised for issue by the Board on 2023 and were signed on its behalf by:

Stella Brade
Chair

Matthew Townsend
Secretary

Linda Mokrane
Vice Chair

Statement of changes in reserves

	Income and expenditure reserve £
Balance at 31 March 2021	22,714,530
Surplus from statement of comprehensive income	244,965
Balance at 31 March 2022	22,959,495
Surplus from statement of comprehensive income	238,293
Balance at 31 March 2023	23,197,788

The notes on pages 15 to 29 form an integral part of these financial statements

Statement of cashflows

		2023	2022
		£	£
Net cash generated from operating activities	**Note i**	849,867	862,725
Cash flow from investing activities			
Purchase of tangible fixed assets		(574,447)	(310,345)
Proceeds of sale of tangible fixed assets		0	14,080
Interest received		0	2,223
Interest payable (incl commitment)		(251,952)	(157,525)
Cash flow from financing activities			
Bank loan		(143,250)	(900,000)
Bank loan drawn down		500,000	
Issue of ordinary shares		0	41
Grant received in the year		150,000	97,558
Net change in cash and cash equivalents		530,218	(391,243)
Cash and cash equivalents at the beginning of the year		717,629	1,108,872
Cash and cash equivalents at the end of the year		1,247,847	717,629

Note i

	2023	2022
	£	£
Cash flow from operating activities		
Surplus for the year	238,293	244,965
Adjustments for non cash items:		
Depreciation of tangible fixed assets	805,776	799,280
(Increase) / Decrease in trade and other debtors	(6,202)	63,457
(Decrease) / Increase in trade and other creditors	(170,218)	(96,780)
Loss on disposal of tangible fixed assets	18,918	7,143
Adjustments for investing or financing activities:		
Government grant amortised during the year	(288,652)	(296,554)
Interest received	0	(2,223)
Interest payable	251,952	157,525
Proceeds of sale of tangible fixed assets	0	(14,080)
Decrease in members	0	(8)
Net cash generated from operating activities	849,867	862,725

The notes on pages 15 to 29 form an integral part of these financial statements

Notes to the financial statements

1 Principal accounting policies

Legal Status

WECH is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (registration number 27378R) and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing (registration number L3939). The registered office is Selbourne House, 36A Elgin Avenue, London, W9 3AZ.

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the The Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements are prepared on the historical cost basis of accounting and are presented in sterling pounds for the year ended 31 March 2023. The financial statements have been prepared in compliance with FRS 102. The company meets the definition of a public benefit entity (PBE).

Turnover

Turnover principally represents rental income receivable from general needs and temporary social housing (after deducting lost rent from void properties) on an accruals basis. Smaller amounts of income from other social housing, community development activities and non-social housing activities (principally leaseholder service charges) are also included in turnover. Turnover includes the amortisation of grant on housing properties. Void losses are rent lost on empty properties that had previously been occupied.

Freehold housing properties

Housing properties are stated at cost (in the case of properties transferred from Westminster City Council in 1992 under Part IV of the Housing Act 1988, this cost was nil), and the cost of refurbishment net of depreciation.

Most of WECH's properties were acquired from Westminster City Council in a state of disrepair. WECH is currently completing a programme of refurbishment of these properties in order to improve them and bring them up to Decent Homes Standard. The cost of these refurbishments is capitalised as part of "freehold housing properties".

Housing properties are split between land, structure and a set of major components which require periodic replacement. Replacement of such components is capitalised and depreciated over the estimated life of the component.

Improvements to properties are capitalised to the extent that they represent an enhancement of economic benefit for the assets, for example, an increase in the net rental stream, a reduction in future maintenance costs or a significant extension to the life of the property.

Any expenditure on maintenance of both improved and unimproved properties is charged to the income and expenditure account as incurred.

Notes to the financial statements

1 **Principal accounting policies (continued)**

Impairment

Reviews for impairment of housing properties are carried out annually, and any impairment in an income generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the net book value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified. Impairment reviews are carried out when there is a trigger event. No amount has been charged to the income and expenditure account in respect of impairment.

Depreciation

Depreciation is charged so as to write down the cost of fixed assets on a straight line basis over their expected useful economic lives as follows:

Freehold land is not depreciated
Structures of freehold housing properties: 100 years
Other freehold properties: 50 years
Roofs on properties: 50 years
Electrics: 25 years
Windows: 25 years
Kitchens: 20 years
Bathrooms suites: 20 years
Boilers: 10 years
Furniture in furnished tenancies: 3 years
Office improvements: 5 years
Office equipment: 4 years
Furniture, fixtures and fittings: 5 years
Motor Vehicle: 5 yrs

Government grants

Where Housing Association Grant (HAG) or Social Housing Grant (SHG) has been received towards the cost of acquiring or refurbishing properties, the grant is shown in creditors. The amount expected to be amortised in one year is shown under 'Creditors falling due within one year' and the rest is shown in 'Creditors: amounts falling due after more than one year'. The grant is amortised over the life of the asset to which it relates, as determined for the purposes of depreciation, except grant on land which is amortised over 100 years. This amortisation is credited to the income & expenditure account under turnover.

Where a property, the acquisition or refurbishment of which was funded either wholly or partly by HAG or SHG, is subsequently disposed of, the grant is credited to the "recycled capital grant fund". This is included in creditors until such time as it is either applied against other eligible costs or repaid. Repayment occurs compulsorily after 3 years from the date of disposal.

Grant received towards the cost of carrying out aids and adaptations to adapt homes and make them more suitable for the specific needs of the occupiers, is credited to the income and expenditure account as part of turnover in the same period in which the cost is incurred. The cost incurred is included under operating costs.

Notes to the financial statements

Provisions
Provision is made only for contractual liabilities which exist at the balance sheet date.

1 **Principal accounting policies (continued)**

Value added tax
WECH is not registered for VAT because almost all its outputs are rental income which is VAT exempt. As a result, input VAT suffered may not be reclaimed and expenditure is shown inclusive of any related input VAT.

Void losses
Void losses are rents lost due to a property being vacant between tenants. This does not apply to new properties waiting to be rented for the first time.

Retirement benefits
WECH contributes to two defined contribution schemes and the cost of pension contributions is charged to the income and expenditure account as incurred.

WECH also participates in a funded multi employer defined benefit scheme, The Pensions Trust Growth Plan. Due to the nature of the scheme as a non-segregated multi-employer scheme it is not possible, in the normal course of events, to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to each individual participating employer. Accordingly, advantage has been taken of the exemption available under Financial Reporting Standard 17 "Retirement Benefits" to account for the scheme as if it were a defined contribution scheme. The income and expenditure charge therefore represents the employer contribution payable to the scheme for the accounting period and the change in the net present value of future payments which WECH is expected to make towards the shortfall in the fund.

Going concern
The Board have concluded that there is a reasonable expectation that WECH has adequate resources to continue in operational existence for the foreseeable future. No significant concerns have been noted in the business plan updated for 2023/24. Therefore, the financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

Financial instruments
Financial instruments such as loans, accounts payables, accounts receivables and cash are classified either as basic or complex. All financial instruments are initially measured at their fair values at the time the transactions occur. Subsequently all basic instruments are measured at cost and all complex financial instruments are measured at a fair value through the comprehensive income.

Financial instruments held by WECH are classified as follows:

(a) Financial assets such as cash and cash equivalents are measured at cost

(b) Financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,

Notes to the financial statements

(c) Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.

1 Principal accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. Categorisation of housing properties. WECH has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, WECH has considered if the asset is held for social benefit or to earn commercial rentals.

b. Impairment. WECH has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Notes to the financial statements

2 Particulars of turnover, operating costs and operating surplus

	Year ended 31 March 2023		
	Turnover	Operating costs	Operating surplus / (deficit)
	£	£	£
Social housing lettings (note 3)			
General needs housing	3,498,293	(3,393,637)	104,656
Temporary social housing	512,134	(94,874)	417,260
Other social housing activities			
Community development	155,529	(290,924)	(135,395)
Community centre	27,657	(23,360)	4,297
Non social housing activities			
Leaseholders service charges	160,113	(160,113)	0
Commercial units	75,059	(18,490)	56,569
Garages and parking income	19,268	(24,865)	(5,597)
Ground rent receivable	1,830	0	1,830
Other income	46,625	0	46,625
	4,496,508	(4,006,263)	490,245

	Year ended 31 March 2022		
	Turnover	Operating costs	Operating surplus / (deficit)
	£	£	£
Social housing lettings (note 3)			
General needs housing	3,377,787	(3,316,298)	61,489
Temporary social housing	518,625	(72,411)	446,214
Other social housing activities			
Community development	146,578	(277,626)	(131,048)
Community centre	19,293	(25,948)	(6,655)
Non social housing activities			
Leaseholders service charges	94,118	(94,118)	0
Commercial units	65,513	(17,384)	48,129
Garages and parking income	12,037	(34,723)	(22,686)
Ground rent receivable	1,870	0	1,870
Other income	2,954	0	2,954
	4,238,775	(3,838,508)	400,267

Notes to the financial statements

3 Particulars of income and expenditure from social housing lettings

	General needs housing £	Temporary social housing £	Total Year ended 31 Mar 23 £	Total Year ended 31 Mar 22 £
Turnover				
Rent receivable (net of void losses)	3,216,414	505,361	3,721,775	3,599,858
Amortisation of housing grant	281,879	6,773	288,652	296,554
	3,498,293	512,134	4,010,427	3,896,412
Operating costs				
Management	(1,001,125)	(25,644)	(1,026,769)	(1,238,161)
Services	(428,117)	0	(428,117)	(350,871)
Routine maintenance	(1,012,188)	(30,740)	(1,042,928)	(927,123)
Planned maintenance	(157,114)	0	(157,114)	(101,078)
Major repairs expenditure	(34,278)	0	(34,278)	0
Bad debts gain	17,213	0	17,213	13,966
Depreciation of housing properties	(740,782)	(38,490)	(779,272)	(769,603)
Loss/ Gain on disposal of housing components	(18,918)	0	(18,918)	6,937
Depreciation of furniture	(18,328)	0	(18,328)	(22,776)
	(3,393,637)	(94,874)	(3,488,511)	(3,388,709)
Operating surplus / (deficit)	104,656	417,260	521,916	507,703
Void losses	83,723	0	83,723	76,538

4 The operating surplus on ordinary activites is stated after charging:

	2023 £	2022 £
Depreciation	805,776	799,280
Fees paid to the auditors in their capacity as such excluding VAT at 20%	12,668	11,506

5 Taxation

With effect from 6 January 2003, HM Revenue & Customs accepted that WECH is a charity for tax purposes. This means that WECH's income and capital gains are exempt from tax as long as it continues to fullfil the criteria for exemption.

Notes to the financial statements

6 Directors' emoluments

For the purpose of this note, the directors are defined as the members of the Board and the executive directors. None of the members of the Board received any emoluments (2022: £0).

	2023	2022
	£	£
Total emoluments paid to the executive directors	170,422	177,230
Pension contributions included therein	15,493	16,112
Benefits in kind included therein	0	0
Emoluments of the highest paid director excluding pension contributions.	85,425	85,425
The aggregate amount of any consideration payable to directors for loss of office	0	0
Total expenses reimbursed to directors not chargeable to UK tax	0	0

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. There are no payments made to separately administered pension schemes. (see notes 10 and 19)

7 Employee information

	2023	2022
The average number of full time equivalent persons, calculated on the basis of a 35 hour week,		
Office staff	19	17
Maintenance staff	1	1
	20	18
Staff costs for the above persons were:	£	£
Wages and salaries	758,700	838,361
Social security costs	80,682	85,436
Pension contributions	75,382	80,378
Contribution towards the shortfall in the pension scheme	8,392	(50,804)
	923,156	953,371
Full time equivalent persons paid salaries & pension contributions within the following bands:		
Below £60,000	16	16
£60,000 to £69,999	3	1
£70,000 to £79,999	0	1
£80,000 to £89,999	0	1
Above £90,000	1	1

Notes to the financial statements

8 Fixed assets

	Freehold housing properties £	Work in progress £	Other freehold properties £	Furniture in furnished lettings £	Furniture, fixtures & office equipment £	Motor Vehicle £	Total £
Cost							
At 31 March 2022	49,618,900	457,624	4,526,467	68,329	43,888	0	54,715,208
Completed projects	0	0	0	0	0	0	0
Additions	382,476	138,788	0	18,853	4,930	29,400	574,447
Disposals	(191,030)	0	0	0	0	0	(191,030)
At 31 March 2023	49,810,346	596,412	4,526,467	87,182	48,818	29,400	55,098,625
Depreciation							
At 31 March 2022	(13,025,807)	0	(181,058)	(49,091)	(34,637)	0	(13,290,593)
Charge for the year	(688,743)	0	(90,529)	(18,327)	(7,197)	(980)	(805,776)
Disposals	172,113	0	0	0	0	0	172,113
At 31 March 2023	(13,542,437)	0	(271,587)	(67,418)	(41,834)	(980)	(13,924,256)
Net book value							
At 31 March 2023	36,267,909	596,412	4,254,880	19,764	6,984	28,420	41,174,369
At 31 March 2022	36,593,093	457,624	4,345,409	19,238	9,251	0	41,424,615

£1,778,077 (2022: £1,566,112) was spent on works to the properties in the year ended 31 March 2023, with £1,256,813 (2022: £1,566,112) being expensed as repairs and maintenance, £382,476 (2022: £210,032) being capitalised components, £nil (2022: £619) capitalised as improvements and £138,788 relating to the Elgin Estate scheme was capitalised (2022: £74,510). The net book value of assets charged as security on loans was £41,119,201 at 31 March 2023 (2022: £41,396,126).

Notes to the financial statements

9 Retirement benefits - defined contribution scheme

WECH operates two defined contribution schemes, administered by TPT Retirement Solutions (TPT).

The cost for the year is equal to the contributions payable to the scheme during the period as shown in note 7. At the balance sheet date, the amount outstanding was £0 (2022: £0).

10 Retirement benefits - defined benefit scheme

WECH participates in TPT's Growth Plan (the scheme), a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for WECH to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, WECH is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows: From 1 April 2022 to 31 January 2025, £3,312,000 per annum, payable monthly.

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of Series 1 and Series 2 scheme liabilities.

Notes to the financial statements

10 Retirement benefits - defined benefit scheme (continued)

Deficit contributions payable by WECH	£
Year ended 31 March 2021 payable in instalments of £1,567.07 per month.	18,805
Year ended 31 March 2022 payable in instalments of £1,614.09 per month.	19,369
Year ended 31 March 2023 payable in instalments of £1,662.50 per month.	19,950
Year ended 31 March 2024 payable in instalments of £622.92 per month.	7,475
Year ended 31 March 2025 payable in instalments of £519.08 per month.	6,229

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	£
Present value of provision as at 31 March 2020	90,689
Present value of provision as at 31 March 2021	76,540
Present value of provision as at 31 March 2022	20,516
Present value of provision as at 31 March 2023	13,079

FRS102 - Section 28 disclosure	2023 £	2022 £
Provision at start of period	20,516	90,689
Unwinding of the discount factor	387	(13,708)
Deficit contribution paid	(7,475)	(19,369)
Remeasurements-impact of change in assumptions	(349)	(472)
Remeasurements-amendements to the contribution schedule	0	(36,624)
Provision at end of period	13,079	20,516
Rate of discount	5.52%	2.35%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

WECH paid contributions at the rate of 10% of gross salary during the accounting period. Members paid contributions at the rate of at least 5% of gross salary during the accounting period.

As at the balance sheet date there were 20 active members of the scheme employed by WECH. WECH continues to offer membership of the scheme to all its employees.

Notes to the financial statements

11 Debtors

	2023	2022
	£	£
Rent arrears	171,624	201,618
Other arrears	33,400	45,314
Less provision for bad debts	(177,935)	(198,793)
Arrears net of bad debt provision	27,089	48,139
Leaseholders' service charges	18,148	25,939
Prepayments and accrued income	24,110	22,880
Other debtors	88,429	54,616
	157,776	151,574

12 Creditors
Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	82,453	5,860
Accrued expenses	101,091	185,465
Rents and service charges paid in advance	258,280	205,567
Deferred income	8,766	29,094
Grants relating to housing properties	288,652	296,554
Pension deficit payment liability	7,475	15,829
Staff annual leave not taken	0	11,474
Bank loan	186,854	231,672
Other creditors	12,750	188,661
	946,321	1,170,176

13 Creditors
Amounts falling due after more than one year

	2023	2022
	£	£
Grants relating to housing properties	12,159,717	12,290,467
Bank loan	6,269,896	5,868,328
Pension deficit payment liability	5,604	4,686
	18,435,217	18,163,481
Bank loan repayment		
due less than 1 year	186,854	231,672
due between 1-2 years	197,893	238,158
due between 3-5 years	665,496	755,239
due more than 5 years	5,406,507	4,874,931
	6,456,750	6,100,000

The loan is due for repayment in 20 years at base rate plus 1.8%

Notes to the financial statements

14 Interest receivable and similar income

on financial assets measured at amortised cost:	2023 £	2022 £
Interest receivable from current accounts	0	0
Interest receivable from short term deposits	0	2,223
	0	2,223

15 Interest payable and financing costs

on financial liabilities measured at amortised cost:	2023 £	2022 £
On loans repayable within five years	0	0
On loans wholly or partly repayable in more than five years	251,565	157,525
Unwinding of the discount factor	387	0
	251,952	157,525

16 Share capital

Shares of £1 each issued and fully paid	2023 £	2022 £
At 1 April 2022	666	633
Cancelled during the year	0	(8)
Issued during the year	0	41
At 31 March 2023	666	666

The share capital of WECH 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. On ceasing to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of WECH. All shareholdings relate to non-equity interests; there are no equity interests in WECH. Each share carries the right to one vote. Resident members are deemed to have given up their membership when they cease to be residents in a dwelling owned or managed by WECH unless they indicate otherwise.

17 Cumulative capital and revenue grant received

	Capital grant £	Revenue grant £
At 31 March 2022	19,677,553	388,345
Received during the year	150,000	0
At 31 March 2023	19,827,553	388,345

Notes to the financial statements

18 Deferred capital grant

	2023	2022
	£	£
At 1 April 2022	12,587,021	12,789,654
Grant received in the year	150,000	97,558
Released as part of loss on disposed components	0	(3,637)
Amortisation released to income in the year	(288,652)	(296,554)
At 31 March 2023	12,448,369	12,587,021
Amount due to be released in one year	288,652	296,554
Amount due to be released in more than one year	12,159,717	12,290,467
Unamortised grant received	12,448,369	12,587,021

19 Financial instruments

	2023	2022
	£	£
Financial assets held at cost		
Cash and cash equivalents	1,247,847	717,629
Financial assets held at amortised costs		
Rent and service charge debtors	223,172	272,871
Other debtors	88,429	54,616
Total financial assets	1,559,448	1,045,116
Financial liabilities measured at amortised costs		
Other creditors	12,750	188,661
Bank loan	6,456,750	6,100,000
Total financial liabilities	6,469,500	6,288,661

20 Operating leases

As of 31 March 2023 WECH had not entered into any operating lease contracts and it has no plans to do so in the the foreseeable future.

Notes to the financial statements

21 Capital commitments

	2023	2022
	£	£
Contracted for but not provided in these financial statements	0	16,746
Authorised by the Board but not contracted for	0	0
	0	16,746

The above capital commitments relate to the regeneration of the Elgin Estate, which will be funded from cash reserves.

22 Contingent liability

There are no contingent liabilities. In the previous year it was reported that the contractor for the Elgin Estate development project, Pavehall was making a claim of £3,158,069 mainly for supervision and overhead because the contract has over-run by eighteen months. The claim has been rejected and the matter has since been resolved.

23 Number of homes

	As at 31 March	
	2023	2022
General needs tenanted (managed by WECH)	497	497
General needs tenanted (leased back to Westminster City Council)	5	5
Tenanted (leased to Westminster City Council's agent as temporary accommodation for homeless families)	31	31
Tenanted (Assured Shorthold Tenancy)	2	2
Flat occupied by placement student	1	1
On long leases to residential occupiers	139	139
	675	675

24 Legislative provisions

WECH is incorporated under the Co-operative Community and Benefit Societies Act 2014.

Notes to the financial statements

25 Related parties

The Board has members who are tenants or leaseholders and hold tenancy agreements or leases on normal terms. They cannot use their position to their advantage.

Rents and service charges charged to those Board members during the year ended 31 March 2023, totalled £58,788 (2022: £61,145) and their total balance at 31 March 2023 were £4,611 in credit (2022: £6,783 in arrears).

During the year, £66,500 (2022: £66,500) was received mainly from Westminster City Council to pay for the Harrow Road Community Champions project. Of this, £33,421 (2022: £26,511) was used to employ staff and £31,840 (2022: £39,989), was paid to Maida Hill Place Ltd (MHP). MHP is a social enterprise which manages the Community Champions project on behalf of WECH, under a memorandum of understanding. The previous Chair of the WECH Board is a director of MHP.

26 Controlling party

WECH is controlled by its members in a general meeting who elect the Board of management each year.

27 Analysis of changes in net debt

	At 1 April 2022	Cash Flows	Non-Cash Movements	At 31 March 2023
	£	£	£	£
Cash and Cash Equivalents	717,629	530,218	0	1,247,847
Housing Loans Due in One Year	(231,672)	143,250	(98,432)	(186,854)
Housing Loans Due After One Year	(5,868,328)	(500,000)	98,432	(6,269,896)
	(5,382,371)	173,468	0	(5,208,903)