

# **WEAVER VALE HOUSING TRUST LIMITED**

Company Registration Number: 04227894

Charity Commission Number: 1105813

HCA Number: L4341

## **Annual Report and Financial Statements**

**Year ended 31 March 2016**

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## Board Members, Executive Directors, Auditors and Bankers

### Board

#### Chairman

J Boyd (to 14 September 2015)  
A Ball (Board member to 14 September 2015 and Chairman from that date to 2 November 2015)  
J A Bolton (Board member to 3 November 2015 and Chairman from that date)

#### Deputy Chair

A C Miller (to 14 September 2015)  
G R Miller (Board member to 14 September 2015 and Deputy Chairman from that date to 19 October 2015)  
I Moston (Board member to 3 November 2015 and Deputy Chairman from that date)

#### Board Members

J A Chatwood  
R Radway  
L C Reilly-Cooper  
M Shaw  
B Dean (from 14 September 2015)  
P Waring (from 3 November 2015)  
P R Shaw (from 13 June 2016)  
A Stafford (from 13 June 2016)

### Executive Directors

#### Chief Executive

S Jennings

#### Director of Finance and Business Services / Company Secretary Director of Property

A J H White  
G Roberts (to 31 January 2016)  
L Colburn (from 4 January 2016)

#### Director of Neighbourhoods and Wellbeing Director of Housing Director of Skills and Enterprise

J Burbidge  
C R Rowbottom  
I M Richards (to 30 June 2015)  
G Murgatroyd (from 1 June 2015)

### Registered office

Gadbrook Point  
Rudheath Way  
Gadbrook Park  
Cheshire CW9 7LL  
[www.wvht.co.uk](http://www.wvht.co.uk)

### Registered number

Registered Company Number: 04227894  
Charity Number: 1105813  
Registered with the Homes and Community Agency, Number: L4341

### Auditor

Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester M3 3EB

### Internal Auditor

BDO LLP (UK)  
3 Hardman Street  
Manchester M3 3HF

### Banker

National Westminster Bank PLC  
The Bull Ring  
Northwich  
Cheshire CW9 5BN

### Lender

Santander Corporate Banking Services  
2 Triton Square  
Regent's Place  
London NW1 3AN

## Report of the Board

This is the report of the Board for the year ended 31 March 2016 together with the audited Financial Statements. Weaver Vale Housing Group (the "Group") consists of a private registered provider, Weaver Vale Housing Trust Limited (the "Trust") and a subsidiary company Weaver Horizons Limited. The Trust is a registered charity and a Public Benefit Entity.

### Board members and Executive Directors

The Board members and the Executive Directors of the Trust, who have served during the period of these financial statements, are set out on page 3.

James Boyd and Anita Miller, Chairman and Deputy Chair respectively, retired from the Board in September 2015 when their 9 year terms of office ended. Alan Ball took over as Chairman but resigned due to overseas work commitments and was replaced by Jim Bolton. George Miller became Deputy Chairman in September 2015 but had his nomination (from Cheshire West and Chester Council) cancelled the following month when Ian Moston was appointed to that post. Paul Waring, who was already a member of the Group Audit and Assurance Committee, was appointed to the Board in November 2015.

The Executive Directors are the Chief Executive and other members of the Trust's Executive Management Team. The Executive Directors hold no interest in the Trust's shares and act as executives within the authority delegated by the Board. During the year Marianne Richards and Graham Roberts took retirements from their posts as Executive Directors.

### Principal Activity

The Trust's principal activity is to own and manage social housing within West Cheshire.

### Strategic Report

The Strategic Report of the Board is included as a separate report (see page 7); it gives details of the Trust's strategy, performance during the year, future prospects, description of the principle risks and its governance.

### Employees

Our employees are the key to delivering the Trust's vision of improving the quality of life for our customers. Our Employer of Choice Strategy states "we want to attract and retain staff who are rewarded for continuous improvement and to develop leaders who will inspire well managed, motivated, high performing teams and individuals".

For the seventh consecutive year the Trust entered the Best Companies survey and was, for the first time, accredited as a 3 star "extraordinary" company. This resulted in the Trust being placed 7th in the Sunday Times 100 Best Companies 2016 (not for profit organisations).

The Board is committed to equal opportunities for all its employees.

### Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety and receives an annual report. The Trust has prepared detailed health and safety policies and procedures; employees are given training and education on health and safety matters. The Board gains assurance on the implementation of these policies through periodic internal audit reports and controls designed within the procedures.

### Internal Controls Assurance

The Board acknowledges its overall responsibility, applicable to all companies within the Group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss. The process for identifying, evaluating and managing the significant risks faced by the Trust is on-going and has been in place throughout the period commencing 1 April 2015 up to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Group Audit and Assurance and the Group Governance and Remuneration Committees;
- annual review by the Board of its own effectiveness; annual individual board member appraisals;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- Board's risk appetite is clearly defined for operations and strategy;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- robust stress testing of the business plan and Board monitoring of key stress test indicators on a quarterly basis;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review each year;
- regular reporting to the Board/appropriate committees on key business objectives, targets and outcomes;
- board approved whistle-blowing policy;
- anti-fraud and corruption policy, covering prevention, detection and reporting, together with recoverability of assets;
- regular monitoring of loan covenants; and
- management assurance statements completed by all Directors, Enterprise Managers and Leadership Team Members.

A fraud register is maintained and is reviewed by the Chair of the Group Audit and Assurance Committee at each meeting. During the year there were a number of minor frauds reported, the overall value of the frauds was below the threshold for reporting to the regulator.

The Board cannot delegate ultimate responsibility for the system of internal control, but has, delegated authority to the Group Audit and Assurance Committee to regularly review the effectiveness of the system of internal control. The Board receives quarterly reports from the Group Audit and Assurance Committee.

The Group Audit and Assurance Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group (which concluded that he was satisfied with the overall control environment) together with the Annual Report of the Internal Auditor and has reported its finding to the Board.

## Going concern

The Trust's business activities and its current financial position are set out in the Strategic Report. The Trust has adequate resources to finance the development programme, along with the day to day operations and has a long-term business plan which shows that it is able to service the debt whilst continuing to comply with lenders covenants. On this basis, the Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the Board Report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis.

## Statement of Responsibilities of the Board

The Board is responsible for preparing the Board Report, Strategic Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law, the Board has elected to prepare the annual report and financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law, the Board must not approve the Financial Statements unless it is satisfied that they give a true and fair view of the state of affairs and of the surplus or deficit of the Group and company. In preparing those financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP) 2014 for registered social housing providers, have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

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

In so far as each of the directors is aware:

- there is no relevant information of which the Group's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

### **Annual General Meeting**

The annual general meeting will be held on 12 September 2016. A resolution to re-appoint Grant Thornton UK LLP as external auditor will be proposed at that meeting.

### **Board Approval**

The Report of the Board was approved by the Board on 2 August 2016 and signed on its behalf by:



**James Bolton**  
**Chair**

## Strategic Report

This is the Strategic Report of the Board which gives, for the Trust, a strategic overview, a review of financial and non-financial key performance for the year, future plans, highlights the risks and uncertainties the Trust faces, a summary of governance and an overview of the value for money self assessment.

### Strategic Objectives

The Trust has a Vision to achieve its goal of "Transforming Neighbourhoods, Homes and Services to Improve the Quality of Life for our Customers".

The Trust continues to position itself as a landlord of choice, with a greater emphasis on making savings and efficiencies and to generate additional income in order to meet the imposed rent reduction introduced as part of the proposals that came from the 2015 summer budget. In addition we will respond to the voluntary extension of the Right to Buy (RTB) by increasing our development capacity, promoting for rent and sale and reviewing our tenant offer.

### Strategy to achieve our Vision

The Trust's Corporate Plan sets out the strategy to achieve the 2020 Vision. The Corporate Plan has been reviewed and revised to take account of the changes introduced by the Government, following the election in May 2015; in particular the 1% reduction in rents over a 4 year period and the changes introduced in the Housing and Planning Bill.

The revised Corporate Plan includes the following revised strategies which will deliver the Trust's vision:

Strategy	Description
VFM and Quality	To constantly make the most efficient, effective and economic use of our resources in the delivery of our strategies and to respond to the reduction in income from the 4 year rent reduction.
Asset Management *	To maintain the desirability and value of our homes and neighbourhoods.
New Homes *	To replace any stock lost under the RTB and to provide more homes for people to buy.
Self Reliance	To maximise the number of our customers who look after themselves and to therefore reduce the demands on our services. To support those people who are unable to look after themselves.
Tenure *	To provide a range of tenures that best suit home seekers aspirations.
Rent Collection	To protect our income stream as the impact of welfare reform takes effect.
Employer of Choice	To make the Trust a great place to work for current and future employees.
Customer Communication	To make sure our customer's voices are heard and have the opportunity to influence our decisions. To make sure our messages get through to our customers and are understood.
Customers into Work	To increase the number of our customers in paid employment.

\*New strategies. 3 strategies have been removed: Affordable Warmth; Transforming Homes and Transforming Neighbourhoods.

Each of the strategies has strategic achievement measure(s) (SAMs) to enable the Board to be able to monitor progress. These measures are a mixture of financial, none financial and customer satisfaction. The performance section of this report gives an analysis of the results in 2016.

## Business Model

The Trust's principal activity is the management of social housing within West Cheshire; it owns and manages 6,299 (2015: 6,312) properties in that area.

The Trust operates 4 business activities:

- providing and managing 'general needs' and sheltered housing for rent;
- a direct service organisation which provides a repairs and property improvement service for all the Trust's properties;
- work to maintain and transform the neighbourhoods where our housing stock is located; and
- services to the people who live in our homes including support and welfare, budgetary, benefit advice, education, training and work experience.

The Trust also has a modest development programme funded through the National Affordable Homes Programme (NAHP).

## Performance against Strategic Achievement Measures in 2016

The next table shows the Trust's performance against the Strategic Achievement Measures (SAMS) that were set by the Board, for that year, to monitor performance towards the Trust's Vision:

Strategy	Measure	Actual 2016	SAM 2016
VFM & Quality	<ul style="list-style-type: none"> <li>Comply with Santander Covenants.</li> <li>Operating surplus (adjusted for capitalised maintenance) to be equal to or better than budget.</li> <li>Customer satisfaction with overall services provided.*</li> <li>Customer's rate rent as good value for money.</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> <li>13.1%</li> <li>92%</li> <li>84%</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> <li>15.8%</li> <li>91%</li> <li>82%</li> </ul>
Affordable Warmth	<ul style="list-style-type: none"> <li>3,200 (cumulative) households have been offered measures and advice to make their homes more affordable to run.</li> </ul>	<ul style="list-style-type: none"> <li>3,719</li> </ul>	<ul style="list-style-type: none"> <li>3,200</li> </ul>
Self Reliance	<ul style="list-style-type: none"> <li>There were no SAMs for this strategy in 2016; they will be introduced in 2017 to monitor the Reward Scheme.</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>
Transforming Homes	<ul style="list-style-type: none"> <li>Customer satisfaction with design and quality of home to be a minimum 90%.*</li> <li>Customer satisfaction with design and quality of home to be a minimum 80% for those aged under 35.*</li> <li>Customer satisfaction with repairs and maintenance to be a minimum 84%.*</li> <li>Customer satisfaction with repairs and maintenance to be a minimum 74% for those aged under 35.*</li> </ul>	<ul style="list-style-type: none"> <li>88%</li> <li>80%</li> <li>90%</li> <li>85%</li> </ul>	<ul style="list-style-type: none"> <li>90%</li> <li>80%</li> <li>84%</li> <li>74%</li> </ul>
Transforming Neighbourhoods	<ul style="list-style-type: none"> <li>78% minimum satisfaction in all neighbourhoods.*</li> <li>Turnover of property to be less than 6%</li> </ul>	<ul style="list-style-type: none"> <li>93%</li> <li>7.2%</li> </ul>	<ul style="list-style-type: none"> <li>100%</li> <li>&lt;6%</li> </ul>
Rent Commercialisation	<ul style="list-style-type: none"> <li>£850K or more income gains for our customers.</li> <li>Cash collected to be no less than 99% of that</li> </ul>	<ul style="list-style-type: none"> <li>£2,104k</li> <li>100.23%</li> </ul>	<ul style="list-style-type: none"> <li>£850k</li> <li>99%</li> </ul>



	receivable in the year.	• 3.12%	• 4.2%
	• Current arrears not to exceed 4.2%.		
Employer of Choice	• Maintain our Best Companies score of 731 or higher	• 748	• 731
Customer Communication	<ul style="list-style-type: none"> <li>• Greater than 90% satisfaction with keeping us informed.*</li> <li>• Greater than 80% satisfaction with listening to customers view formed.*</li> <li>• Greater than 80% satisfaction with acting on customer views.*</li> </ul>	<ul style="list-style-type: none"> <li>• 90%</li> <li>• 83%</li> <li>• 79%</li> </ul>	<ul style="list-style-type: none"> <li>• 90%</li> <li>• 80%</li> <li>• 80%</li> </ul>
Customers into Work	<ul style="list-style-type: none"> <li>• Help 85 annually to become work ready</li> <li>• Place 45 annually into work</li> <li>• For those households involved, 50% to have improved rent payments</li> </ul>	<ul style="list-style-type: none"> <li>• 84</li> <li>• 61</li> <li>• 68%</li> </ul>	<ul style="list-style-type: none"> <li>• 85</li> <li>• 45</li> <li>• 50%</li> </ul>

NOTE: \* Data from independent STAR Surveys

Out of the 20 SAMs, 14 were achieved (70%); the adjusted operating margin was missed because of the Board decision to accelerate the solar panel programme (in order to maximise Feed in Tariff income), and the cost of redundancies; the two others were missed by 1 or 1%.

The Board was particularly pleased with the continued reduction in rent arrears and the Best Companies score, which made the Trust a 3 star best companies organisation.

## Financial Performance in 2016

The board is pleased to report a surplus of £5,657k (2015 restated: £5,915k) from a turnover of £32,302k (2015 restated: £31,625k). The operating costs were adversely affected by £894k of redundancy costs as the Trust took the difficult decision to reduce its staffing complement by 39 posts (29 full time equivalents) to prepare for the 1% reduction in rents in 2017 and to respond to the ending of supported people funding in 2017.

Other salient points include:

- Improvement in the time taken to let void properties has seen lost income from voids reduce to £389k (2015: £514k);
- Arrears performance continues to improve at 3.12% (2015: 3.70%);
- A capital investment of £2,609k to provide solar panels in 350 homes. This investment was accelerated following the Government's decision to cut the feed in tariff from January 2016;
- Purchasing of 3 homes, development of 3 apartments and working up plans to develop a further 16 homes in 2017.

The Government's announcement of the 1% reduction in rents for 4 years, beginning in April 2016, means that over that time period the Trust has to reduce annual running costs by £4.2m. A savings plan was approved by Board in September 2015 and this plan sets out how those savings will be made. The revised FFR was submitted to the HCA on time and the Trust V1 status remains unaltered. The Board are confident that these savings can be made and the 2017 budget has delivered £2.4m of those savings

The roll out of Universal credit to the Trust's customers continues to be on a small scale and by the year end there were 147 (2015: 22) known claimants. The impact on cash flow, of the direct payment of universal credit was managed through an intensive process by our Money Matters team. As the process continues to roll out we will monitor its impact but it is anticipated that it will continue to be at a low level in 2017.

The Homes and Communities Agency's (HCA's) Financial Viability Assessment showed that the Trust has continued to meet the HCA's expectations in terms of financial viability, as set out in the Regulatory Code. The Trust continues to meet all requirements of its only lender, Santander.

See the Value for Money Self Assessment section for more financial performance data.

The Group's five year summary is as follows:

For the period ended 31 March	2016	2015 Restated	2014	2013	2012
	£k	£k	£k	£k	£k
<b>Group Comprehensive Income (£'000)</b>					
Total turnover	32,302	31,625	30,934	31,264	27,220
Operating costs	23,132	21,977	23,829	23,420	20,307
Operating surplus	9,170	9,648	7,105	7,844	6,913
Surplus for the year transferred to reserves	5,657	5,915	3,078	3,738	3,014
<b>Group Financial Position (£'000)</b>					
Tangible fixed assets	97,861	95,113	92,974	91,138	89,304
Net current assets / (liabilities)	4,408	4,167	1,887	2,916	(1,953)
Total assets less current liabilities	<u>102,269</u>	<u>99,280</u>	<u>94,861</u>	<u>94,054</u>	<u>87,351</u>
Creditors: amounts falling due after more than one year					
Loans	78,061	81,677	83,755	87,044	84,700
Grant	7,028	6,707	92	-	-
Other	646	813	680	698	428
Pension provision	3,984	9,868	5,428	7,288	4,233
Total net assets	<u>12,550</u>	<u>215</u>	<u>(1,538)</u>	<u>(7,068)</u>	<u>(7,844)</u>
<b>Housing properties owned at year end:</b>					
Total housing stock ( <i>excluding leasehold</i> )	6,169	6,183	6,189	6,216	6,226
<b>Statistics</b>					
Operating Surplus as a percentage of turnover *2	28.4%	30.5%	23.0%	25.1%	25.4 %
Operating Surplus (adjusted for capitalised improvements) as a percentage of turnover *2	13.3%	18.7%	15.7%	11.7%	7.8%
Rent losses ( <i>voids and bad debts as % of rent and service charges receivable</i> ) *1	1.4%	2.1%	3.2%	2.9%	2.6 %
Rent arrears ( <i>gross arrears as % of rent and service charges receivable</i> ) *1	5.4%	6.3%	6.6%	6.7%	7.3%
Interest cover ( <i>surplus before interest payable divided by interest payable and capitalised interest</i> ) *2	2.53	2.52	1.72	1.87	1.73
Liquidity ( <i>current assets divided by current liabilities</i> ) *2	1.52	1.63	1.22	1.62	0.62

Note: information in respect of period ended 31 March 2015 has been restated; information in respect of earlier periods has not been restated.

\*1 denotes the lower the better, \*2 the higher the better.

## Business review

The board is pleased to report that the vast majority of the targets within the corporate plan have been achieved, see performance against strategic measures.

The highlights of the year include:

- Overall customer satisfaction 92% (2015: 91%);
- voted 7th in the Sunday Times Top 100 Companies 2015 (not for profit organisations) and again accredited as a 3 star "Extraordinary" company;
- continued investment into the Group's property stock;
- 100% of the Group's properties meet Decent Homes Standard;
- £2.1m of income gains generated for our customers;
- Helping 315 customers to switch their utility suppliers;

- placing 61 customers into work;
- completion of the successful refurbishment of Grange Court;
- remodelling of the older person service;
- successful pilot of the customer rewards scheme, which will be rolled out to all customers in 2017;

## Governance

The Board has adopted the National Housing Federation's Code of Governance (2015) and complies with its recommendations. The Board carries out an independent review of governance every 3 years; the next review will take place in 2018.

The HCA assessment of the Trust's governance is that it is G1 and continues to meet their expectations as set out in the regulatory code.

The Board confirms that the Trust continues to comply with the HCA Governance and Financial Viability Standard.

The Board currently consists of 9 members of whom 5 are independents, 3 are tenants and 1 place is for the representative of Cheshire West and Chester Council. The Board has 2 committees: the Group Audit and Assurance Committee and Group Governance and Remuneration Committee.

The Board actively encourage customers' involvement by promoting both formal and informal mechanisms. As well as the 3 places reserved for tenants on the board, the Trust's Scrutiny Group is made up of customers who provide an independent perspective on the quality of service delivery, which is an additional source of assurance and challenge for the Group Audit and Assurance Committee. The other formal customers groups are centred on our Tenant's Consultative Committee, the Customer Involvement Groups and Tenant Inspectors.

## Principle Risks and Uncertainties

The main risks that may prevent the Group achieving its objectives are considered and reviewed bi-annually by the Board and the Group Audit and Assurance Committee. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Trust, are reported to the Executive Management Team bi-monthly together with action taken to manage the risks, including assessment of key controls, and the outcome of the action. The following are the very severe risks which could prevent the successful achievement of the Group's objectives going forward:

Principal risks	Action being taken
<b>Direct Payment of universal credit and welfare reforms reduce cash flow and increase arrears</b> Currently around £17m of housing benefit payments are paid directly to the Group. The introduction of direct payment of universal credit to tenants will reduce that figure to approximately £7.6m by 2020.	<ul style="list-style-type: none"> <li>• The Trust continues to improve its processes and procedures for rent collection.</li> <li>• Changing the culture around rent collection for both customers and staff to take a commercial approach.</li> <li>• Helping customers to manage their finances.</li> <li>• 2017 will see the introduction of the Trust's customer reward scheme to incentivise customers to improve their rent payments.</li> </ul>
<b>Increase in Employer's contributions for the Trust's Pension Schemes</b> The Group could face significant liabilities meeting pension fund deficits. The Group's contribution levels may need to increase to fund the schemes. Further uncertainty has been caused by the Brexit decision.	<ul style="list-style-type: none"> <li>• Regularly monitoring exposure through valuation reviews.</li> <li>• Triennial independent reviews of pension options.</li> <li>• Future increases included in business plan.</li> </ul>
<b>The 1% reduction in rental income for 4 years will reduce cash flow.</b> In 2017 and for the following 3 years the Trust's rents will reduce by 1%	<ul style="list-style-type: none"> <li>• Savings Plan has been approved by Board, which sets out how required savings will be achieved.</li> <li>• Budget for 2017 has exceeded required savings in the Plan.</li> </ul>

<p><b>Extension of RTB to all tenants and not being able to replace on a like for like basis.</b></p> <p>The voluntary RTB agreement will extend RTB to all housing association tenants with a requirement that any properties sold will have to be replaced.</p>	<ul style="list-style-type: none"> <li>• A Corporate project will be established to plan for the impact and to set up policies and procedures to manage this process.</li> </ul>
<p><b>Impact of limiting Housing Benefit (HB) in 2018 for tenancies starting from April 2016</b></p> <p>HB will be limited to the level of Local Housing Allowance for these tenancies; the major impact of this will be on people aged 35 and under, which could increase voids and arrears for the Trust.</p>	<ul style="list-style-type: none"> <li>• A Tenancy Project will be established to respond to this change</li> </ul>
<p><b>Breach of loan covenant</b></p> <p>This would cause a review of the margins charged by our lender and increase interest payments.</p>	<ul style="list-style-type: none"> <li>• Regular monitoring of covenant requirements.</li> <li>• Business plan set at levels which comply with covenants.</li> </ul>

## Future Prospects

Following the May 2015 general election, the new Government introduced changes to housing policy which will impact on housing associations in 2017 and for at least the following 3 years; the 1% reduction in rents, the extension of the RTB and the contents of the Housing and Planning Bill were all introduced by the Government in 2015. This is in addition to the on going welfare reforms and the introduction of Universal Credit which will reduce and change the way our customers receive benefit (approximately 65% of our customers are in receipt of some form of benefit). In basic terms this means the Trust will have to save £4.2m (by 2020) and have challenges to its cash flow.

The Trust 2020 Vision has been revised to respond to these changes with an emphasis on:

- Improving VFM and meeting the savings plan targets;
- Revising the types of tenancy that the Trust offers;
- Continuing the drive to make our customers "self reliant" to reduce the demands on our services;
- Build new homes with a balance between rented and sale.

The work to improve VFM is set out in more detail in the previous section, in summary over the next two years the Trust will work with its staff to improve productivity and to automate a minimum 65% of transactions to drive efficiencies and to save £2m (the balance of the savings plan requirement). The Trust is using an underlying philosophy of CRETE (Commercial Head; Social Heart; Rewarding Customers; Exploiting new and not so new technology; Transformation; Embracing Social Media) to drive the change process with our staff.

A significant project has already been completed to prepare the Trust for the introduction of the direct payment of Universal Credit to customers, a change that has the potential to reduce our cash flow. This has seen rent arrears reduce each year for the past 4 years. We continue to review and improve the way we collect our arrears and to provide help to customers who are in arrears.

On the 23 June 2016 the EU referendum took place and the people of the United Kingdom voted to leave the European Union. This has added further uncertainty to the UK economy and the direction and focus of the UK Government. It is too early to predict, with any certainty, the impact on the Trust but specific risks around pension assets, liabilities and increases in contributions, rising inflation in the short and medium term and further cuts to housing association funding and being continually reviewed and monitored.

The Trust's business plan is a financial forecast over the next 30 years with a detailed forecast for the next 5 years. The delivery of the savings plan is an important factor in meeting the 5 year targets and the Board is confident that this will be delivered. The plan makes assumptions around increasing arrears because of Universal Credit but despite this the plan forecasts that our lenders financial covenants will continue to be complied with.

## Value for Money Self Assessment

This section is a summary of the Board's annual Value for Money (VFM) Self Assessment, the full self assessment can be found on the Trust's web site: [www.wvht.co.uk](http://www.wvht.co.uk).

The assessment outlines how the Trust meets the Homes and Communities Agency (HCA) VFM Standard.

The Board has a focused and comprehensive approach to VFM, setting clear direction as to what it wants to achieve and aiming to maximise the resources (people, property and finances) it allocates to its objectives. It has made key strategic decisions to support the vision as well as targets for its corporate objectives.

The Trust uses HOUSEMARK data to compare against other similar stock transfer organisations in the North West. The 2016 figures are not available at the time of writing but will be included in the online VFM Self Assessment. (Note Q = quartile; M=median quartile; Q1 is highest and Q4 is lowest).

### Vision

Everything we do is driven by the Trust's 2020 vision and this dictates the way our resources are used. The vision is:

**"Transforming neighbourhoods, homes and services to improve the quality of life for our customers".**

The Vision is focussed on ensuring the Trust is able to manage the impacts of the direct payment of Universal Credit to customers and the 4 year reduction in rents. Our strategies have been amended in 2016 to respond to legislative changes – see Strategy to achieve our vision, above.

### Strategic Decisions

The Board's strategic decisions are the most important ones made in respect of VFM as they decide how significant amounts of resources are used, whether they are financial, property or people. The Trust has finite resources and makes its decisions in order to maximise those resources to ensure that the Vision is achieved.

The Board goes through a comprehensive and robust process when making strategic decisions as there are opportunity costs from each decision. The following are some of the board's key existing strategic decisions, which are regularly reviewed:

- maintain status as an independent organisation;
- maintain existing borrowing margins;
- only to own property assets within 25 miles of its headquarters;
- to maintain our property stock in line with the stock condition survey;
- maintain high cash balances to mitigate against the risk of direct payment of universal credit;
- have a development programme which focuses on home ownership;
- invest in services for our vulnerable customers.
- to maintain, rather than exceed, customer satisfaction targets; and
- make any savings, required because of the rent decrease, as soon as possible.

### VFM and Quality Strategy

The aim of our strategy is "to constantly make the most efficient use of resources in the delivering of our strategies."

The following are the Board's strategic measures, from the first year the strategy was introduced:

Strategic measures	2016	2015	2014	2013
Comply with Santander loan covenants	Yes	Yes	Yes	Yes
Adjusted operating margin to be better than budget (target 16% in 2016)	13%	19%	16%	12%
Customers who rate rent as good VFM (target 82% in 2016)	84%	81%	80%	80%
Customers satisfied with overall services (target 91% in 2016)	92%	91%	91%	91%
Operate within business plan requirements	Yes	Yes	Yes	Yes

The target for Adjusted Operating Margin was missed in 2016 because of redundancy costs and accelerating the programme for the installation of solar panels. The overall satisfaction level is the highest that the Trust has ever recorded and there is a consistency of performance over time.

### Overall Financial Performance

The main financial measure of adjusted operating margin is presented; see above in the VFM strategic measures. Other key financial ratios are:

Financial Ratios	2016	2015	2014	Quartile 2015	Quartile 2014
Operating Margin	29%	31%	16%	Q1	Q3
EDTDA (adjusted for capitalised repairs ) Interest Cover	188%	221%	174%	Q2	Q2

The operating margin in 2016 is reduced because of redundancy costs.

### Treasury

The debt per unit is high compared to comparators because of the high cost, to the Trust, of procuring the houses in 2002; it will fall in future years as the debt is repaid. The average interest rate continues to fall to reflect the lower costs of borrowing currently available:

Treasury data	2016	2015	2014	Quartile 2015	Quartile 2014
Debt per home owned	£13.3k	£13.3k	£14k	Q3	Q3
Average interest rates	4.24%	4.8%	5.0%	Q3	Q4

### Operating costs and overheads

These figures are based on the HOUSEMARK benchmarking data. The 2016 figures are not available at the time of writing but will be included in the online VFM Self Assessment. The figures for the previous 3 years are included here for information.

HOUSEMARK Cost per property	2015	2014	2013	Quartile 2015	Quartile 2014	Quartile 2013
Housing Management	£342	£312	£271	Q4	Q4	Q3
Planned/cyclical maintenance	£1,434	£1,488	£1,584	Q3	M	Q2
Responsive repairs & voids	£683	£631	£536	Q2	Q2	Q1
Overheads a % of costs	31%	27%	30%	Q2	Q2	Q3

The housing management costs continue to increase as the Trust puts more resources into collecting arrears and supporting customers who are in arrears. The planned/cyclical maintenance illustrates the investment made into large maintenance projects (replacing roofs, bathrooms, kitchens etc.) and this figure will vary according to the amount and type of work undertaken. Our aim is keep our overheads at an efficient level (at either Q1 or Q2 in the Housemark data).

### Operational Performance

The following are some of the Trusts key operating indicators:

Operational Performance	2016	2015	2014	Quartile 2015	Quartile 2014
Current arrears	3.12%	3.4%	3.98%	Q3	Q3
Rent arrears collected	100.2%	99.8%	99.5%	Q2	Q2
Void loss	0.95%	1.28%	1.35%	Q3	Q3
Av time to re-let (days)	47	53	48	Q4	Q4
Tenancy Turnover	7.2	7.28	7.35	Q1	Q1
Gas certificate in place	100%	100%	99.9%	M	Q4
Average number of sick days	5.3	10.2	11	Q4	Q4

In previous years the rent arrears and void performance were both in quartile 3 or 4 and needed to be better, therefore we have carried out a corporate project to improve performance and (in the case of arrears) increase resources. Arrears performance has been improving since 2013 and they are now at the lowest level since the trust was formed in 2002. Void performance, from both void loss and to a lesser extent void re-let days has improved in 2016 and are forecast to continue that improvement in 2017

The average number of sick days was high in 2014 and 2015, following a project there has been a significant improvement in 2016.

#### Customer satisfaction

The customer satisfaction data is used to partly judge the "Improving Quality of Life" of our Vision. The STAR survey (STAR means, Survey of Tenants and Residents), is carried out by an external company, so is an independent assessment of customer satisfaction. In summary the table shows consistently a high level of satisfaction in all areas.

STAR survey data, with Housemark quartiles	2016	2015	2014	Quartile 2015	Quartile 2014
Overall Satisfaction (2020 target 91% to 95%)	92%	91%	91%	Q2	Q2
Customers who rate their rent as VFM	84%	81%	80%	Q4	Q4
Customer satisfaction with the design & quality of the home	88%	91%	89%	Q1	Q2
Customers satisfied with the repairs & maintenance service (2020 target 88% to 90%)	90%	87%	84%	Q1	Q2
Customer satisfaction with their neighbourhood (2020 target 80% satisfaction in 80% of neighbourhoods)	93%	89%	90%	Q2	Q2
Net Promoter	69%	52%	49%	Q1	Q1

#### Asset Management

The Board's aim is to invest in line with the amount in the Stock Condition Survey. In 2014 actual spend exceeded the stock condition figure due to the receipt of grants to fund energy efficiency work. In 2016 the amount invested in the property stock also exceeded the stock condition survey because of the installation of Solar PV (which is not included in the stock condition survey).

	2016	2015	2014
Total of Maintenance/Property Investment	£12.3m	£12.4m	£12.1m
Amount included in the stock condition survey	£11.1m	£12.5m	£11.8m
Decent Homes (target 100%)	100%	100%	100%

As part of our corporate strategy we had a SAM to offer all our customers either help with switching energy supplier or a physical measure to make their homes more affordable to heat. Unfortunately due to the change in our Corporate Plan this strategy was "dropped" because of the reduction in FIT income rates. However, during the course of this corporate planning cycle 3,719 have been given an energy saving measure or advice

	2016	2015	2014
Number of customers who have had measures or advice to make their homes more affordable to heat/run (cumulative figures)	3,719	2,566	1,142

#### Improving the quality of life for our customers

As this report has made clear, part of our Vision is to improve the quality of life for our customers. The Trust does this through the work of various teams including Money Matters, Work and Enterprise, Support and Wellbeing and Older Persons teams. The Trust has continued to provide these services despite the withdrawal of

Supported People funding; although the Older Persons service has been reconfigured to respond to the loss of income.

Universal Credit is constructed in such a way that it pays recipients to move off out of work benefits and our aim is to help our customers into work and to increase their income. Our team work with customers to help them get skills to be ready for work, (266 customers in 3 years) and also to help some customers into work, (182 in 3 years). The business driver for this service is those customers in work will be in a better position to pay their rent; in 2016: 68% of people we helped had an improved rent payment performance.

Strategic achievement measures for customers into work (all figures are cumulative)			
	2016	2015	2014
Customers helped to be work ready	84	93	89
Customers placed into work	71	61	50
For those households involved, percentage who have improved rent payments (only those have been in work for 8 weeks)	68%	NA	NA

### Continuous improvements

The Trust's aim is to continually look to improve the quality of service to our customers, whilst trying to reduce costs, improving the way we deliver our service, and to improve the effectiveness of our services. The following are examples of the range of improvements that have been made in 2016 (the savings made are per annum unless otherwise stated):

- Extension of warranty on boilers from 2 years to 5, saving for that period estimated to be £260k
- Remodelling of the Older Persons Service has saved £120k
- Introduction of a text messaging service to remind customers when their repairs appointment is due. Estimated saving £28k.
- Tender for drainage work saved £49k compared to current costs
- Renegotiation of contract for printing through Procurement for Housing saving £10k
- Negotiated reduction in debit card charges to reduce costs by £4k
- Decommissioning off site office reduced costs by £3k.
- Providing an ASB service to Peaks and Plains utilising existing resources.

### Savings Plan

In September 2015 the Trusts Board approved a 4 year savings plan of £4.4m (in excess of the £4.2m required) to respond to the loss of income caused by the 1% reduction in rent for 4 years. The Budget for 2017 delivered £2,447k of saving and leaves £1,966k to be recovered in the next 3 years; £166k of savings is required in 2018. Projects are being undertaken to improve efficiencies and to take out these costs in a planned way that ensures cost savings whilst maintaining customer satisfaction and staff morale.

### 2017 our targets and what we will do to improve

The Trust's targets and commitments for 2017 are:

- Deliver our 20 SAMs;
- Reduce the re-let times for void properties;
- Continue to reduce arrears levels;
- To complete the asset management project;

### Board Approval

The Strategic Report was approved by the Board on 2 August 2016 and signed on its behalf by:

*J. A. Bolton*

**James Bolton**  
Chair



## **Independent Auditor's Report to the Members of Weaver Vale Housing Trust Limited**

We have audited the financial statements of Weaver Vale Housing Trust Limited for the year ended 31 March 2016 which comprise the Consolidated and Company Statement of Comprehensive Income, Consolidated and Company Statement of Changes in Reserves, Consolidated and Company Statement of Financial Position, Consolidated Statement of Cashflows 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### **Respective responsibilities of Board and auditor**

As explained more fully in the Statement of Board's Responsibilities set out on pages 5 and 6, the board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's and of the parent company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

We have nothing to report in respect of the following 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 parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

*Joanne Love*

Joanne Love

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
26 August 2016

## Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016


	Note	2016 £'000	2015 Restated £'000
Turnover	3	32,302	31,625
Operating expenditure	3	(23,132)	(21,977)
<b>Operating surplus</b>	5	9,170	9,648
Gain on disposal of property, plant and equipment			
Housing properties	6	463	401
Other		3	6
Interest receivable and other income	7	41	43
Interest and financing costs	8	(4,020)	(4,183)
<b>Surplus before tax</b>		5,657	5,915
Taxation	11	-	-
<b>Surplus for the year</b>		5,657	5,915
Remeasurements in respect of pension schemes	21	6,678	(3,631)
<b>Total comprehensive income for the year</b>		12,335	2,284

The consolidated results relate wholly to continuing activities and the accompanying notes form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 2 August 2016 and signed on its behalf by:



J Bolton  
Chair

  
A J H White  
Secretary


## Weaver Vale Housing Trust Statement of Comprehensive Income

For the year ended 31 March 2016

	Note	2016 £'000	2015 Restated £'000
<b>Turnover</b>	3	32,210	31,541
<b>Operating expenditure</b>	3	(23,067)	(21,913)
<b>Operating surplus</b>	5	9,143	9,628
Gain on disposal of property, plant and equipment			
Housing properties	6	463	401
Other		3	6
Interest receivable and other income	7	40	42
Interest and financing costs	8	(4,020)	(4,183)
Gift Aid receivable		28	21
<b>Surplus before tax</b>		5,657	5,915
Taxation	11	-	-
<b>Surplus for the year</b>		5,657	5,915
Remeasurements in respect of pension schemes	21	6,678	(3,631)
<b>Total comprehensive income for the year</b>		12,335	2,284

The Trusts results relate wholly to continuing activities and the accompanying notes form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 2 August 2016 and signed on its behalf by:



J Bolton  
Chair



A J H White  
Secretary

## Consolidated Statement of Changes in Reserves

For the year ended 31 March 2016

	Income and expenditure reserve £'000	Total £'000
Balance as at 1 April 2014 (Restated)	(2,069)	(2,069)
Total comprehensive income for the year	2,284	2,284
Balance at 31 March 2015 (Restated)	215	215
Total comprehensive income for the year	12,335	12,335
Transfer of restricted expenditure from unrestricted reserve	-	-
Balance at 31 March 2016	12,550	12,550

## Weaver Vale Housing Trust Statement of Changes in Reserves

For the year ended 31 March 2016

	Income and expenditure reserve £'000	Total £'000
Balance as at 1 April 2014 (Restated)	(2,245)	(2,245)
Total comprehensive income for the year	2,284	2,284
Transfer of restricted expenditure from unrestricted reserve	-	-
Balance at 31 March 2015 (Restated)	39	39
Total comprehensive income for the year	12,335	12,335
Balance at 31 March 2016	12,374	12,374

**Consolidated and Weaver Vale Housing Trust Statement of Financial Position**

At 31 March 2016

		Group		Trust	
	Note	2016	2015	2016	2015
			Restated		Restated
		£'000	£'000	£000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	12,13	97,861	95,113	97,861	95,113
		97,861	95,113	97,861	95,113
<b>Current assets</b>					
Stock		72	71	72	71
Trade and other debtors	15	1,600	1,520	1,615	1,539
Cash and cash equivalents		11,205	9,225	11,008	9,018
		12,877	10,816	12,695	10,628
<b>Creditors: amounts falling due within one year</b>	16	(8,469)	(6,649)	(8,463)	(6,637)
Net current assets / liabilities		4,408	4,167	4,232	3,991
<b>Total assets less current liabilities</b>		102,269	99,280	102,093	99,104
<b>Creditors: amounts falling due after more than one year</b>	17	(85,735)	(89,197)	(85,735)	(89,197)
<b>Provision for liabilities</b>					
Pension provision – Cheshire Pension Fund	21	(3,402)	(9,444)	(3,402)	(9,444)
Pension provision – Social Housing Pension Scheme	21	(582)	(424)	(582)	(424)
<b>Total net assets</b>		12,550	215	12,374	39
<b>Reserves</b>					
Income and expenditure reserve		12,550	215	12,374	39
<b>Total reserves</b>		12,550	215	12,374	39

The accompanying notes form a part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 2 August 2016 and signed on its behalf by:

*J. A. Bolton,*

J Bolton  
Chair

*A J H White*  
A J H White  
Secretary

## Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Note	2016 £'000	2015 Restated £'000
<b>Net cash generated from operating activities</b>	23	12,934	11,966
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(6,407)	(5,786)
Proceeds from sale of tangible fixed assets		1,131	865
Grants received		130	477
Interest received		41	43
		<u>(5,105)</u>	<u>(4,401)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(3,771)	(4,050)
New secured loans		-	-
Repayments of borrowings		(2,078)	(3,289)
Withdrawal from deposits		-	-
		<u>(5,849)</u>	<u>(7,339)</u>
<b>Net change in cash and cash equivalents</b>		1,980	226
<b>Cash and cash equivalents at beginning of the year</b>		<u>9,225</u>	<u>8,999</u>
<b>Cash and cash equivalents at end of the year</b>		11,205	9,225

The accompanying notes form a part of these financial statements.

## Notes to the Financial Statements

31 March 2016

### 1. Legal status

The Group consists of Weaver Vale Housing Trust (company limited by guarantee) and its subsidiary company Weaver Horizons Limited (company limited by shares). Weaver Vale Housing Trust is registered at Companies House under the Companies Act 2006 as a Private Limited Company and is registered with The Homes and Communities Agency as a Registered Provider.

### 2. Accounting policies

#### Basis of accounting

The financial statements of the Group and Trust are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. This is the first year in which the financial statements have been prepared under FRS102. Refer to note 29 for an explanation of the transition. The financial statements are presented in Sterling (£).

#### Going concern

The Group's business activities, its current financial position and factors likely to affect its future development and position, are set out within the Strategic Report. The Group has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group 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.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 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.

#### Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Treatment of loans with potentially beneficial break clauses as basic for the purposes of FRS 102. Following the recent FRC publication that confirmed either basic or non-basic would be acceptable, management have reviewed the loan and specific clauses and concluded they believe that the loan is basic, as such it will be held at amortised cost with the accounts. Rather than being amended to Fair Value and adjusted through the Statement of Comprehensive Income on an annual basis as a non-basic instrument.

The individual accounts of Weaver Vale Housing Trust have adopted the following disclosure exemptions:

- \* the requirement to present a statement of cash flows and related notes
- \* financial instrument disclosures

These exemptions have been approved by the Shareholders, who also confirm their approval to the application of such exemptions going forward.

#### Impairment

From 1 April 2016, Weaver Vale Housing Trust has reduced general needs social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with the Housing and Planning Act 2016. Despite cost efficiency savings and other changes to the business, compliance with the new rent regime has resulted in a loss of net income. This is a trigger for impairment. An assessment for impairment was undertaken comparing the carrying amounts to recoverable amounts,

scheme costs were not deemed to exceed recoverable amounts therefore no impairment charge has been made.

#### Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated developments costs requires judgement. After capitalisation, management monitors the asset and considers whether changes indicate that impairment is required. The total amount capitalised in the year was £487k (note 12).

#### Estimation of uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2016 was £23,936k (notes 12 and 13).

#### Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 21). The liability at 31 March 2016 was £3,984k.

#### Basis of consolidation

The Group financial statements consolidate the financial statements of Weaver Vale Housing Trust and its subsidiary company, Weaver Horizons, at 31 March 2016. The Group uses the purchase method of accounting to consolidate the result of subsidiary undertakings.

#### Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Group (Weaver Horizons). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

#### Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from property sales, other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised and charged in accordance with the tenancy agreement. Supporting People income is recognised in accordance with the Supporting People Contract. Other income is recognised at the point of works or service delivery and is exclusive of VAT where recoverable.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary has been recognised, and will be assessed for tax in a future period, except where:

- \* the group is able to control the reversal of the timing difference; and
- \* it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- \* the group has a legal enforceable right to set off current tax assets against current tax liabilities, and



\* the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **Value added tax**

The Group charges value added tax (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 Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

#### **Corporation Tax**

For tax purposes the Trust is recognised as charitable, however is liable to corporation tax in respect of certain activities. Weaver Horizons is liable to corporation tax. Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

#### **Interest payable**

Interest payable is charged to the statement of comprehensive income in the year in which it is incurred.

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents either:

- interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- a fair amount of interest on borrowings of the Trust as a whole after deduction of social housing grant (SHG) received in advance to the extent that they can be deemed to be financing the development programme.

#### **Financial Instruments**

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised historic cost model. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported as a surplus or deficit.

#### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

#### **Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **Employee Benefits**

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

#### **Pensions**

The Group participates in the Cheshire Pension Fund and the Social Housing Pension Scheme; defined benefit salary pension schemes. The Cheshire Pension Fund is a career average based scheme whilst the Social Housing Pension Scheme is a final salary based scheme. The Trust pays pension contributions which are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice.

For the Social Housing Pension Scheme, the pension scheme managers are unable to identify the underlying assets and liabilities belonging to individual participating employers. The charge to the income and expenditure represents the employer contribution payable to the scheme for the accounting period.

Contributions payable from the Group to the Social Housing Pension Scheme under the terms of its funding agreement for past deficits are recognised as a liability in the Group's financial statements.

For the Cheshire Pension Fund, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net

assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurments are reported in other comprehensive income.

A defined contribution scheme managed by the Social Housing Pension Scheme is also available to employees; this scheme is used as the auto enrolment vehicle at the Trust. Costs are recognised as a charge to comprehensive income in the period to which they relate.

### **Housing properties**

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs and interest charges incurred during the development period.

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.

Shared ownership properties are included in housing properties at the relevant proportion of cost less depreciation and impairment losses.

### **Investment properties**

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

### **Government grants**

Government grants include grants receivable from the Homes and Communities Agency (HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land), under the accruals model.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to Disposals Proceeds Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the statement of comprehensive income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income in the statement of comprehensive income. Upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

### **Other grants**

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

### **Depreciation of housing properties**

The Group separately identifies the major components which comprise its housing properties and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Major components of housing properties are depreciated over the following number of years:

Component:	Years:	Component:	Years:
Structure	75	Environmental equip't	25
Roofs	50	Solar panels	25
Bathrooms	30	Kitchens	20
Heating systems	30	Lifts	20
Windows and doors	30	Boilers	15
Full rewires	25	-	-

Freehold land is not depreciated.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

### Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the assets carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in the statement of comprehensive income. Where an asset is currently deemed not to be providing service potential to the Trust, its recoverable amount is its fair value less costs to sell.

### 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. No depreciation is provided on freehold land. Depreciation is not charged in respect of assets under construction until the asset is in productive use.

Estimated useful lives are:

Freehold and long leasehold buildings	75 years
Short leasehold property	Life of the lease
Furniture, fixtures and fittings	5 years
Other equipment	3 to 10 years

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to expenditure, in the statement of comprehensive income, on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

### Stocks

Stock is included in the Statement of Financial Position at the lower of cost and net realisable value.

### Liquid resources

Liquid resources are readily disposable current asset investments.

### Provision for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income, in the period it arises.

### 3. Particulars of turnover, cost of sales, operating costs and operating surplus

#### Group – continuing activities

2016

	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings	30,869	(21,431)	9,438
Other social housing activities Supporting people	-	(725)	(725)
	<u>30,869</u>	<u>(22,156)</u>	<u>8,713</u>
Activities other than Social Housing	<u>1,433</u>	<u>(976)</u>	<u>457</u>
	<u>32,302</u>	<u>(23,132)</u>	<u>9,170</u>

2015 (Restated)

	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings	30,213	(20,024)	10,189
Other social housing activities: Supporting people	136	(992)	(856)
	<u>30,349</u>	<u>(21,016)</u>	<u>9,333</u>
Activities other than Social Housing	<u>1,276</u>	<u>(961)</u>	<u>315</u>
	<u>31,625</u>	<u>(21,977)</u>	<u>9,648</u>

### 3. Particulars of turnover, cost of sales, operating costs and operating surplus

#### Weaver Vale Housing Trust – continuing activities

2016

	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings	30,869	(21,431)	9,438
Other social housing activities			
Supporting people	-	(725)	(725)
	<u>30,869</u>	<u>(22,156)</u>	<u>8,713</u>
Activities other than Social Housing	<u>1,341</u>	<u>(911)</u>	<u>430</u>
	<u><u>32,210</u></u>	<u><u>(23,067)</u></u>	<u><u>9,143</u></u>

2015 (Restated)

	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social housing lettings	30,213	(20,024)	10,189
Other social housing activities			
Supporting People Income	136	(992)	(856)
	<u>30,349</u>	<u>(21,016)</u>	<u>9,333</u>
Activities other than Social Housing	<u>1,192</u>	<u>(897)</u>	<u>295</u>
	<u><u>31,541</u></u>	<u><u>(21,913)</u></u>	<u><u>9,628</u></u>

**3 (a). Particulars of Income and Expenditure from Social Housing Lettings**

Group and Trust				2016	2015 Restated
	General Housing	Supported Housing and Housing for Older People	Shared Ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	21,104	8,740	57	29,901	29,117
Service income	151	690	-	841	1,008
Amortised government grants (note 18)	96	-	-	96	88
Other grants (note 18)	31	-	-	31	-
<b>Turnover from Social Housing Lettings</b>	<b>21,382</b>	<b>9,430</b>	<b>57</b>	<b>30,869</b>	<b>30,213</b>
Management	(3,770)	(1,720)	(29)	(5,519)	(4,837)
Service charge costs	(371)	(1,987)	(3)	(2,361)	(2,091)
Routine maintenance	(3,552)	(1,450)	-	(5,002)	(4,937)
Planned maintenance	(3,083)	(1,061)	-	(4,144)	(3,939)
Major repairs expenditure	(791)	(987)	-	(1,778)	(1,751)
Bad debts	(35)	(16)	-	(51)	(115)
Depreciation of housing properties	(1,760)	(803)	(13)	(2,576)*	(2,354)
<b>Operating expenditure on social housing lettings</b>	<b>(13,362)</b>	<b>(8,024)</b>	<b>(45)</b>	<b>(21,431)</b>	<b>(20,024)</b>
<b>Operating surplus on social housing lettings</b>	<b>8,020</b>	<b>1,406</b>	<b>12</b>	<b>9,438</b>	<b>10,189</b>
<b>Void losses</b>	<b>(252)</b>	<b>(137)</b>	<b>-</b>	<b>(389)</b>	<b>(514)</b>

\* Includes £101k capital improvement write offs post sale and early replacement.

#### 4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group and Trust	
	2016 No.	2015 No.
<b>Social housing</b>		
General housing		
- social rent	4,090	4,111
- affordable rent	83	51
Supported housing and housing for older people	1,963	1,988
Shared ownership	33	33
Leasehold flats	130	129
<b>Total owned and managed</b>	<b>6,299</b>	<b>6,312</b>
Accommodation in development at the year end	-	3

#### 5. Operating surplus

	Group 2016 £'000	2015 Restated £'000	Trust 2016 £'000	2015 Restated £'000
<b>Operating surplus arrived at after charging:</b>	9,170	9,648	9,143	9,628
			<b>Group and Trust</b>	
			2016 £'000	2015 Restated £'000
Depreciation of housing properties			2,585	2,362
Depreciation of other tangible fixed assets			437	444
Operating lease rentals				
- land and buildings			21	49
Auditors' remuneration (excluding VAT)				
- Fees payable to the Trust's auditors for the audit of the financial statements			18	18
- Audit of the accounts of subsidiaries			2	2
<b>Total audit services</b>			<b>20</b>	<b>20</b>
- Tax compliance services			12	2
- All other services			-	-
<b>Total non-audit services</b>			<b>12</b>	<b>2</b>

## 6 Surplus on sale of fixed assets – Housing Properties

	Group and Trust	
	2016 £'000	2015 £'000
Disposal proceeds (Sales 2016:24, 2015:21)	1,118	859
Transfer to Disposal Proceeds Funds	(355)	(190)
Carrying value of assets	(300)	(268)
Net Surplus	<u>463</u>	<u>401</u>

## 7. Interest receivable and other income

	Group		Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Interest receivable and similar income	41	43	40	42
	<u>41</u>	<u>43</u>	<u>40</u>	<u>42</u>

## 8. Interest and financing costs

	Group and Trust	
	2016 £'000	2015 Restated £'000
Defined benefit pension scheme:		
Cheshire Pension Fund	310	236
Social Housing Pension Scheme	4	32
Loans and bank overdrafts	3,709	3,927
	<u>4,023</u>	<u>4,195</u>
Interest payable capitalised on housing properties under construction	(3)	(12)
	<u>4,020</u>	<u>4,183</u>
Capitalisation rate used to determine the finance costs capitalised during the period	4.24%	4.87%



## 9. Employees

Average monthly number of employees at 31 March expressed in full time equivalents (calculated based on a standard working week of 37 hours):

	Group and Trust	
	2016	2015
	No.	No.
Chief Executive, Finance and Business Services. Skills and Enterprise	78	70
Property	155	149
Housing, Neighbourhood and Wellbeing	86	97
Total	319	316

Other than the Executive Directors and Board Members (note 10), no employee received remuneration in excess of £60,000.

### Employee Costs:

	Group and Trust	
	2016	2015
	£'000	Restated £'000
Wages and salaries	9,693	8,448
National Insurance Contributions	612	592
Pension Costs	1,641	1,559
Total	11,946	10,599

The employee costs for the year ended 31 March 2016 include £894k paid as redundancy payments (2015: £67k). Redundancy payments were not made to any Executive Director.

The Group's employees are members of the Cheshire Pension Fund (CPF) or of the Social Housing Pension Scheme (SHPS). Further information on each scheme is given in note 21.

## 10. Key management personnel

Executive directors	Salary	Benefit in kind	Sub total	Pension contr'ns	2016 Total	Restated 2015 Total
	£	£	£	£	£	£
<b>Chief Executive</b>						
S Jennings	139,268	2,030	141,298	27,733	169,031	161,477
<b>Director of Finance &amp; Business Services</b>						
A J H White	102,457	1,933	104,390	20,500	124,890	124,559
<b>Director of Property</b>						
G Roberts (to January 2016)	61,876	2,029	63,905	14,704	78,609	98,300
L Colburn (from January 2016)	22,465	-	22,465	5,030	27,495	-
<b>Director of Housing</b>						
C R Rowbottom	61,571	2,081	63,652	14,449	78,101	120,622
<b>Director of Skills &amp; Enterprise</b>						
I M Richards (to June 2015)	20,336	368	20,704	4,810	25,514	102,220
G Murgatroyd (from June 2015)	66,556	1,018	67,574	- 13,096	80,670	-
<b>Director of Neighbourhoods &amp; Wellbeing</b>						
J M Burbidge	87,154	9,510	96,664	20,190	116,854	93,959
<b>Total</b>	<b>561,683</b>	<b>18,969</b>	<b>580,652</b>	<b>120,512</b>	<b>701,164</b>	<b>701,137</b>

The emoluments (excluding pension contributions) of the highest paid director, the Chief Executive, were £141k (2015: £134k). Included within the Chief Executive's 2016 salary was a performance related bonus of £5k. The Chief Executive is a member of the Social Housing Pension Scheme. The Group does not make any further contribution to an individual pension arrangement for the Chief Executive or the Executive Directors.

Board members received the following emoluments in the year:

Board members	2016 Total £	2015 Total £
J Boyd (Chair to 14 September 2015)	4,767	9,008
A Ball (Board member to 14 September 2015 and Chair from that date to 2 November 2015)	6,175	4,063
J A Bolton (Board member to 3 November 2015 and Chair from that date)	6,365	3,564
A Miller (Deputy Chair to 14 September 2015)	1,905	4,182
I Moston (Board member to 3 November 2015 and Deputy Chair from that date)	4,182	4,182
G R Miller (Board member to 14 September 2015 and Deputy Chair from that date to 19 October 2015)	1,967	3,564
R Radway	3,815	3,564
M Shaw	3,564	3,564
L C Reilly-Cooper	3,564	3,564
J Chatwood	3,564	1,228
P G Waring (from 3 November 2015, GAAC member for the full year)	2,808	1,711
B Dean (from 14 September 2015)	2,901	-
S Nettleton (to 15 September 2014)	-	1,643
C Pickthall (to 5 June 2014)	-	966
J Wiss (to 15 September 2014)	-	756
	<b>45,577</b>	<b>45,559</b>

\* J Wiss was a member of the Group Audit and Assurance committee only.  
Expenses paid during the year to board members amounted to £2k (2015: £3k).

## 11. Tax on deficit on ordinary activities

	Group and Trust	
	2016 £'000	2015 £'000
<b>Current Tax</b>		
UK corporation tax on surplus for the year	-	-
Adjustments in respect of prior years	-	-
	<u>-</u>	<u>-</u>
<b>Deferred Tax</b>		
Net origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	Group and Trust	
	2016 £'000	2015 £'000
<b>Total tax reconciliation</b>		<b>Restated</b>
Surplus on ordinary activities before tax	5,657	5,915
	<u>1,131</u>	<u>1,242</u>
Theoretical tax at UK corporation tax rate 20% (2015: 21%)		
- charitable loss not tax deductible	(1,131)	(1,242)
	<u>-</u>	<u>-</u>
<b>Total tax charge</b>	<u>-</u>	<u>-</u>

## 12. Tangible fixed assets - properties

Group and Trust – Housing properties	Social housing properties held for letting	Social housing properties under construction	Shared ownership properties	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 April 2015 restated	105,317	1,162	242	106,721
Additions	-	484	-	484
Properties acquired	294	-	-	294
Works to existing properties	4,866	-	-	4,866
Interest capitalised	-	3	-	3
Schemes completed	1,540	(1,540)	-	-
Disposals	(486)	-	-	(486)
At 31 March 2016	111,531	109	242	111,882
<b>Depreciation and impairment</b>				
At 1 April 2015 restated	16,173	-	36	16,209
Depreciation charged in year	2,472	-	3	2,475
Released on disposal	(86)	-	-	(86)
At 31 March 2016	18,559	-	39	18,598
<b>Net book value</b>				
At 31 March 2016	92,972	109	203	93,284
At 31 March 2015	89,144	1,162	206	90,512

### Expenditure on works to existing properties:

	Group and Trust	
	2016	2015
	£'000	Restated £'000
Amounts charged to income and expenditure	5,922	5,690
Amounts capitalised	5,647	5,010
	11,569	10,700

### Social housing assistance:

	Group and Trust	
	2016	2015
	£'000	£'000
Total accumulated social housing grant received or receivable:		
Held as deferred grant	7,158	6,833
Recognised in the Statement of Comprehensive Income	4,119	4,165
	11,277	10,998

### Finance costs:

	Group and Trust	
	2016	2015
	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties	72	69

### Housing properties book value net of depreciation and offices net book value (note 13) comprises:

	Group and Trust	
	2016	2015
	£'000	£'000
Freehold land and buildings	97,021	94,304

### 13. Tangible fixed assets - other

#### Group and Weaver Vale Housing Trust

	Freehold offices	Furniture & Fittings	Computers & Office equipment	Other Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2015	4,369	532	4,018	662	9,581
Additions	-	61	351	-	412
Disposals	-	(30)	(48)	-	(78)
At 31 March 2016	4,369	563	4,321	662	9,915
<b>Depreciation</b>					
At 1 April 2015	576	446	3,494	463	4,979
Charged in year	56	33	296	49	434
Released on disposal	-	(30)	(45)	-	(75)
At 31 March 2016	632	449	3,745	512	5,338
<b>Net book value</b>					
At 31 March 2016	3,737	114	576	150	4,577
At 31 March 2015	3,793	86	524	199	4,602

No impairment has been charged in the year.

The net book value of other tangible fixed assets at 31 March 2016 includes £150k (2015: £132k) in respect of assets under finance leases, depreciation charged in the year on these assets amounted to £70k (2015: £88k).

### 14. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of Weaver Vale Housing Trust and Weaver Horizons Limited which was a subsidiary of the Trust at the end of the year. The Trust has the right to appoint members to the board of Weaver Horizons Limited and thereby exercises control over it. Weaver Horizons Limited is a trading subsidiary with Weaver Vale Housing Trust the ultimate parent undertaking.

During the year Weaver Vale Housing Trust provided administrative services for Weaver Horizons Limited and charged Weaver Horizons Limited £4k (2015: £4k) (excluding VAT). The charge is based on a percentage of direct labour cost.

Weaver Horizons Limited is a private limited company with Weaver Vale Housing Trust having an allotment of 1 ordinary share of £1, agreed to be considered as paid but no share certificate issued and representing 100% of the share capital.

### 15. Debtors

	2016 £'000	Group 2015 £'000	2016 £'000	Trust 2015 £'000
<b>Due within one year</b>				
Rent and service charges receivable	1,647	1,837	1,647	1,837
Less: Provision for bad debts	(1,545)	(1,730)	(1,545)	(1,730)
	102	107	102	107
Inter company debtors	-	-	30	61
Other debtors	671	772	656	730
Less: Provision for bad and doubtful debts	(63)	(61)	(63)	(61)
Prepayments and accrued income	890	702	890	702
	1,600	1,520	1,615	1,539

**16. Creditors: amounts falling due within one year**

	2016	Group 2015 Restated	2016	Trust 2015 Restated
	£'000	£'000	£'000	£'000
Debt (note 20)	3,616	2,078	3,616	2,078
Interest payable	687	752	687	752
Rent and service charges received in advance	871	845	871	845
Trade creditors	591	952	591	952
Other creditors	233	230	233	230
Accruals and deferred income	1,656	1,231	1,656	1,231
Accrual for holiday pay (note 29)	98	92	98	92
Other taxation and social security	309	284	303	272
Deferred capital grant (note 18)	130	126	130	126
Finance leases (note 20, 26)	49	59	49	59
Disposal proceeds fund (note 19)	229	-	229	-
	<u>8,469</u>	<u>6,649</u>	<u>8,463</u>	<u>6,637</u>

**17. Creditors: amounts falling due after more than one year**

	Group and Trust	
	2016	2015
	£'000	Restated £'000
Debt (note 20)	78,061	81,677
Obligations under finance leases (note 20)	101	73
Deferred grant (note 18)	7,028	6,707
Disposal proceeds fund (note 19)	<u>545</u>	<u>740</u>
	<u>85,735</u>	<u>89,197</u>

**18. Deferred capital grant**

Group and Trust	Social Housing Grant	Non social housing grants	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2015	7,037	123	7,160
Additions	452	-	452
Disposals	-	-	-
At 31 March 2016 (note 12)	<u>7,489</u>	<u>123</u>	<u>7,612</u>
<b>Released to income</b>			
At 1 April 2015	327	-	327
Released to income in year	96	31	127
Released on disposal	-	-	-
At 31 March 2016	<u>423</u>	<u>31</u>	<u>454</u>
<b>Net book value</b>			
At 31 March 2015	<u>6,710</u>	<u>123</u>	<u>6,833</u>
At 31 March 2016	<u>7,066</u>	<u>92</u>	<u>7,158</u>
Amounts to be released within one year	99	31	130
Amounts to be released in more than one year	6,967	61	7,028
At 31 March 2016	<u>7,066</u>	<u>92</u>	<u>7,158</u>

## 19. Disposal proceeds fund

	Group and Trust	
	2016	2015
	£'000	£'000
At 1 April	740	575
Net sale proceeds recycled	355	190
Interest accrued	-	-
Withdrawals	(321)	(25)
	<hr/>	<hr/>
Balance at 31 March	774	740
	<hr/>	<hr/>
Due within one year (note 16)	229	-
Due after more than one year (note 17)	545	740
	<hr/>	<hr/>
Balance at 31 March	774	740
	<hr/>	<hr/>

Withdrawals from the disposal proceeds fund were used to fund the purchase of 3 houses (2015: used to fund the purchase of a flat).

## 20. Debt analysis

### Borrowings

	Group and Trust	
	2016	2015
	£'000	£'000
<b>Due within one year</b>		
Bank loans	3,616	2,078
Obligations under finance leases	49	59
	<hr/>	<hr/>
	3,665	2,137
	<hr/>	<hr/>
<b>Due after more than one year</b>		
Bank loans	78,061	81,677
Obligations under finance leases	101	73
	<hr/>	<hr/>
	78,162	81,750
	<hr/>	<hr/>

Based on the lenders earliest repayment date, borrowings are repayable as follows:

Within one year	3,665	2,137
Between one and two years	4,703	3,648
Between two and five years	10,223	11,312
After five years	63,236	66,790
	<hr/>	<hr/>
	81,827	83,887
	<hr/>	<hr/>

Bank loans are secured by fixed charges on the property stock.

The interest rate on £66 million of the debt is fixed. Repayment periods range from 1 year to 8 years. The current average rate of interest for all loans is 5.02% (2015: 5.03%). The remaining £16 million bank loan is on a variable rate of interest.

At 31 March 2016 the Group did not have an undrawn loan facility (2015: Nil).

Finance lease obligations are secured on the assets to which they relate.

Obligations under finance leases included on page 38 -

	Group and Trust	
	2016	2015
	£'000	£'000
<b>Equipment</b>		
Due within one year	49	59
Due after more than one year	101	73
	<u>150</u>	<u>132</u>

The obligations under finance leases are repayable by equal instalments in less than six years. Finance leases relate to equipment used by the Trust. A purchase option is available at the end of each lease.

## 21. Pensions

### Social Housing Pension Scheme (Group and Weaver Vale Housing Trust)

The Group participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers.

Employer participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide"

The Scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60<sup>th</sup> accrual rate.
- Final salary with a 1/70<sup>th</sup> accrual rate.
- Career average revalued earnings (CARE) with a 1/60<sup>th</sup> accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80<sup>th</sup> accrual rate.
- Career average revalued earnings (CARE) with a 1/80<sup>th</sup> accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

A career average revalued earnings (CARE) structure with a 1/120<sup>th</sup> accrual rate was made available from 1 April 2013.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure plus CARE 1/120<sup>th</sup>, plus the defined contribution benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Group currently operates the final salary with a 1/60<sup>th</sup> accrual rate defined benefit structure and a defined contribution structure for active members and new entrants.

It is not possible for the Group to obtain sufficient information to enable it to account for the 1/60<sup>th</sup> 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 deficit defined benefit occupational pension schemes in the UK.

The scheme is classified as a "last man standing arrangement". Therefore the Group 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 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

#### Deficit contributions

Tier 1: From 1 April 2016 to 30 September 2020	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
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Tier 2: From 1 April 2016 to 30 September 2023	£28.60m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 3: From 1 April 2016 to 30 September 2026	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)
Tier 4: From 1 April 2016 to 30 September 2026	£31.7m per annum (payable monthly and increasing by 3.0 % each year on 1 April)

Note that the schemes previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 and 3 deficit contributions.

Where the scheme is in deficit and where the Group has agreed to a deficit funding arrangement, the Group 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 values of provision

	31 March 2016 £000's	31 March 2015 £000's	31 March 2014 £000's
Present value of provision	582	424	439

#### Reconciliation of opening and closing provisions

	Period ending 31 March 2016 £000's	Period ending 31 March 2015 £000's
Provision at start of period	424	439
Unwinding of the discount factor (interest expense)	8	12
Deficit contribution paid	(49)	(47)
Remeasurements – impact of any change in assumptions	(4)	20
Remeasurements – amendments to the contribution schedule	203	-
Provision at end of period	582	424

#### Statement of comprehensive income impact

	Period ending 31 March 2016 £000's	Period ending 31 March 2015 £000's
Interest expense	8	12
Remeasurements – impact of any change in assumptions	(4)	20
Remeasurements – amendments to the contribution schedule	203	-
Contributions paid in respect of future service * - DB	57	48
Contributions paid in respect of future service * - DC	28	10
Costs recognised in the comprehensive income account	292	90

\*includes defined contribution schemes and future service contribution (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.



## Assumptions

	Period ending 31 March 2016 £000's	Period ending 31 March 2015 £000's	Period ending 31 March 2014 £000's
Rate of discount	2.06	1.92	3.02

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.

The following schedule details the deficit contributions agreed between the Group and the scheme at each year end period.

## Deficit contribution schedule

Year ending	31 March 2016 £000's	31 March 2015 £000's	31 March 2014 £000's
Year 1	69	49	47
Year 2	72	51	49
Year 3	75	53	51
Year 4	78	55	53
Year 5	68	58	55
Year 6	57	47	58
Year 7	60	36	47
Year 8	51	37	36
Year 9	42	28	37
Year 10	44	19	28
Year 11	22	19	19
Year 12	-	10	19
Year 13	-	-	10

The Group must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the statement of comprehensive income i.e. the unwinding of the discount rate as finance cost in the period in which it arises. It is these contributions that have been used to derive the Groups Statement of Financial Position liability.

## Provision for liability

## Group and Trust

	SHPS Obligation £'000
At 1 April 2015	424
Increase in provision	199
Released in the year	(49)
Unwinding of discount included in finance costs	8
At 31 March 2016	582

The provision is based on the net present value of payments agreed as at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within comprehensive income. The unwinding of the discount is shown as a finance cost.

During the accounting period the Group paid contributions in respect of the defined benefit structure at the rate of 10.7% (2015: 10.7%) plus an annual fixed amount of £48,895 (2015: £46,908) in respect of past service. Member contributions vary between 7.1% (2015: 7.1%) and 9.1% (2015: 9.1%) depending on their age.

As at the financial position statement date there were 10 active members of the defined benefit Scheme employed by the Group. The annual pensionable payroll in respect of members in the scheme during the year was £529,397. The Group continues to offer membership of the Scheme to its employees.

During the period the Group also paid contributions in respect of the defined contribution structure at the rate of 5%. Member contributions are 3%.

As at the financial position statement date there were 16 active members in the defined contribution scheme. The annual pensionable payroll in respect of members in the scheme during the year was £568,179. The Group also continues to offer membership of this Scheme to its employees.

#### Cheshire Pension Fund (CPF) (Group and Weaver Vale Housing Trust)

The CPF is a multi-employer scheme, which is administered by Cheshire West and Chester Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2013 and rolled forward, allowing for the different financial assumptions required under FRS102, to 31 March 2016 by a qualified independent actuary.

#### Contributions

The employers' contribution to the CPF by the Group for the period 1 April 2015 to 31 March 2016 was £1,519k (2015: £1,422k) at a contribution rate of 20.7% of pensionable salaries for current service and £155k (2015: £155k) lump sum to cover the past service deficit. The employer's contribution rate for the year ending 31 March 2017 has been set at 20.7%. Estimated employers contributions to the CPF during the accounting period commencing 1 April 2016 are £1,507k.

#### Principal actuarial assumptions

##### Financial assumptions

	31 March 2016 % per annum	31 March 2015 % per annum
Discount rate	3.5	3.2
Salary Increase Rate	3.2	3.3
Pension Increase Rate	2.2	2.4

##### Mortality assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2010 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% pa. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	31 March 2016 Males	31 March 2016 Females	31 March 2015 Males	31 March 2015 Females
Current Pensioners	22.3 years	24.4 years	22.3 years	24.4 years
Future Pensioners*	24.1 years	26.7 years	24.1 years	26.7 years

\* Figures assume members aged 45 as at the last formal valuation date.

#### Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

#### Amounts recognised in surplus or deficit

	2016 £000	2015 £000
Current service cost	2,044	1,571
Past service cost	4	-
Loss on settlements	-	-
<b>Amounts charged to operating costs</b>	<b>2,048</b>	<b>1,571</b>
	<b>2016 £000</b>	<b>2015 £000</b>
Interest income on plan assets	(1,362)	(1,532)
Interest cost on defined benefit obligation	1,672	1,768
<b>Amounts charged to other finance costs</b>	<b>310</b>	<b>236</b>

**Reconciliation of opening and closing balances of the present value of scheme liabilities**

	2016	2015
	£000	£000
Opening scheme liabilities	51,416	40,454
Current service cost	2,044	1,571
Past service cost	4	-
Interest cost	1,672	1,768
Remeasurements	(6,018)	7,802
Benefits paid	(781)	(595)
Plan participants contributions	433	416
<b>Closing scheme liabilities</b>	<b>48,770</b>	<b>51,416</b>

**Reconciliation of opening and closing balances of the fair value of plan assets**

	2016	2015
	£000	£000
Opening fair value of plan assets	41,972	35,026
Interest income	1,362	1,532
Remeasurement	863	4,171
Contributions by employer	1,519	1,422
Benefits paid	(781)	(595)
Plan participants contributions	433	416
<b>Closing fair value of plan assets</b>	<b>45,368</b>	<b>41,972</b>
<b>Defined benefit obligation</b>	<b>(3,402)</b>	<b>(9,444)</b>

**Major categories of plan assets as a percentage of total plan assets**

	2016	2015
	%	%
Equities	54	50
Bonds	36	40
Properties	8	8
Cash	2	2

**Sensitivity analysis****Change in assumptions at 31 March 2016:**

	Approximate increase to Employer Liability	Approximate monetary amount
	%	£000's
0.5% decrease in Real Discount Rate	12	6,079
1 year increase in member life expectancy	3	1,463
0.5% increase in Salary Increase Rate	4	2,157
0.5% increase in the Pension Increase Rate	8	3,816

**22. Non-equity share capital**

Weaver Vale Housing Trust is limited by Guarantee. Board members are therefore not required to be fully paid up shareholders but would become liable to pay £1 each should the Company be wound up. No dividend is payable. There have been 4 resignations and 2 new appointments to the board during the year. At the end of March there were 8 members.

	2016	2015
	£	£
<b>Shares of £1 each issued and fully paid</b>		
At 1 April	10	10
Shares issued during the year	2	2
Shares surrendered during the year	(4)	(2)
<b>At 31 March</b>	<b>8</b>	<b>10</b>

Weaver Horizons Limited is a private limited company with Weaver Vale Housing Trust having an allotment of 1 ordinary share of £1, and agreed to be considered as paid although no share certificate has been issued.

## 23. Cash flow from operating activities

	2016	2015
	£'000	Restated £'000
<b>Surplus for the year</b>	5,657	5,915
<b>Adjustments for non-cash items:</b>		
Depreciation of tangible fixed assets	3,022	2,806
Release of grant following asset sales	(127)	(88)
Amortisation of intangible assets	-	-
Decrease / (increase) in stock	(1)	15
Decrease / (increase) in trade and other debtors	(80)	(96)
Increase / (decrease) in trade and other creditors	470	(269)
Receipt of donated land / assets	-	-
Pension costs less contributions payable	794	219
<b>Adjustments for investing or financing activity:</b>		
Proceeds from the sale of tangible fixed assets	(466)	(408)
Interest payable	3,706	3,915
Interest received	(41)	(43)
<b>Net cash generated from operating activities</b>	<u>12,934</u>	<u>11,966</u>

## 24. Capital commitments

Capital expenditure commitments were as follows:

	Group and Trust	
	2016	2015
	£'000	£'000
<b>Capital expenditure</b>		
Expenditure contracted for but not provided in the accounts	3,691	3,089
Expenditure approved by the board, but not contracted	2,229	3,256
	<u>5,920</u>	<u>6,345</u>

The above commitments will be financed through grant, overdraft facilities and primarily cash balances.

## 25. Contingent assets / liabilities

The group and trust had no contingent assets or liabilities at 31 March 2016 (2015: nil).

## 26. Leasing commitments

The future minimum lease payments of leases are as set out below. Leases relate to shared office space in two locations, depot space and car parking space, vending and office equipment.

	Group and Trust	
	2016	2015
	£'000	£'000
<b>Operating lease payments</b>		
Within one year	7	7
One to five years	16	16
Beyond five years	-	-
	<u>23</u>	<u>23</u>

**Finance lease payments**

	<b>Group and Trust</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	49	59
One to five years	101	73
Beyond five years	-	-
	<u>150</u>	<u>132</u>

**27. Related parties**

There are three tenant members of the board, L C Reilly-Cooper, M Shaw and B Dean. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

Disclosures in relation to key management personnel are included in note 10.

**28. Financial assets and liabilities**

The Board's policy on financial instruments is explained in the Board Report as are references to financial risk.

**Categories of financial assets and financial liabilities**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets that are measured at amortised cost	12,877	10,816
Financial liabilities measured at amortised cost	2,790	2,964
Loan commitments measured at cost less impairment	81,677	83,755

**Financial assets**

Other than short term debtors, financial assets held are short term cash deposits placed on the money markets and cash at bank. They attract interest at variable rates and amounts held by the Group were:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Sterling	11,205	9,225
Total	<u>11,205</u>	<u>9,225</u>

**Financial liabilities excluding trade creditors**

The Group's financial liabilities are sterling denominated. The interest rate profile of the Group's financial liabilities at 31 March was:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Floating rate	15,658	10,236
Fixed rate	66,019	73,519
Total	<u>81,677</u>	<u>83,755</u>

The fixed rate financial liabilities have a weighted average interest rate of 5.02% (2015: 5.03%) and the weighted average period for which it is fixed is 4 years (2015: 5 years).

The floating rate financial liabilities comprise bank loans that bear interest at rates on the one and three month LIBOR.

The debt maturity profile is shown in note 20.

#### **Borrowing facilities**

At 31 March 2016 the Group did not have an undrawn loan facility (2015: £nil).

## **29. Transition to FRS 102**

The Group has adopted FRS 102 for the year ended 2016 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption:

#### **SHPS Pension**

Under section 28 the Group is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit. Using a discount rate of 1.92%, this has resulted in a liability of £424k being recognised as a provision in the opening reserves.

#### **CPF pension**

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31 March 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive income.

#### **Holiday pay provision**

A provision is now made for entitlement to holiday at the year end which has not been taken by employees. This has been calculated based on payroll records and totalled £98k as a liability in opening reserves.

#### **Financial instruments**

All loans are classified as basic financial instruments.

#### **Assets and Grants**

On transition to FRS102, the Board have elected to continue to measure housing properties and other assets at historic cost.

Grants were previously netted off the cost of the related asset. Under FRS 102, government grants must be accounted for using the accruals model or the performance model. As the Trust accounts for its properties at cost, it has adopted the accruals model for government grants, as required by SORP 2014.

Under the accruals model, the grants have been allocated to the related asset and amortised over the useful life of those assets. The unamortised amount is held within deferred income split between < 1 year and > 1 year. The amount of amortised grant that has been recognised in opening reserves is £6,297k.

The effect compared to old UK GAAP is an increase in income recognised on transition. The increase in income is matched by an increase in depreciation, consequently has no overall impact on the surplus for the year ended 31 March 2015.

**Restated consolidated statement of financial position**

	<b>31 March 2015 £'000</b>	<b>1 April 2014 £'000</b>
Original reserves	737	(1,538)
Amortisation of government grants	-	-
Recognition of income from non-government grants	-	-
Holiday pay accrual (note 16)	(98)	(92)
SHPS pension	(424)	(439)
 Restated Reserves	 <u>215</u>	 <u>(2,069)</u>

**Restated Trust statement of financial position**

	<b>31 March 2015 £'000</b>	<b>1 April 2014 £'000</b>
Original reserves	561	(1,714)
Amortisation of government grants	-	-
Recognition of income from non-government grants	-	-
Holiday pay accrual (note 16)	(98)	(92)
SHPS pension	(424)	(439)
 Restated reserves	 <u>39</u>	 <u>(2,245)</u>

**Restated Consolidated and Trust surplus or deficit for the year ended 31 March 2015**

	<b>£'000</b>
Original surplus on ordinary activities before tax	6,371
Holiday pay accrual	(6)
Cheshire pension	(465)
SHPS pension	15
Movement in financial instruments at fair value	-
Deferred tax on instruments at fair value	-
 Restated surplus for the financial year	 <u>5,915</u>