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WEAVER VALE HOUSING TRUST LIMITED

Company Registration Number: 04227894
Charity Number: 1105813
RP Number: L4341

Report and Financial Statements

Year ended 31 March 2015

Contents

Board Members, Executive Directors, Auditors and Bankers

Board	
Chairman	J Boyd
Deputy Chair	A C Miller
Members	A Ball (Chair Designate from 14 November 2014) J A Bolton J A Chatwood (from 1 December 2014) G R Miller I Moston S Nettleton (to 15 September 2014) C L Pickthall (to 5 June 2014) R Radway L C Reilly-Cooper M Shaw B Dean (from 23 June 2015)
Executive Directors	
Chief Executive	S Jennings
Director of Finance and Business Services / Company Secretary	A J H White
Director of Property	G Roberts
Director of Neighbourhoods and Wellbeing	J Burbidge
Director of Housing	C R Rowbottom
Director of Skills and Enterprise	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
Registered number	Registered Company Number: 04227894 Charity Number: 1105813 Registered with the Homes and Community Agency, Number: L4341
Auditor	Grant Thornton UK LLP Registered Auditors and Chartered Accountants 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

Operating and Financial Review and Strategic Report

Principal activities

The Group's principal activity is the management of social housing within West Cheshire.

Weaver Vale Housing Group (the "Group") consists of a registered provider, Weaver Vale Housing Trust Limited (the "Trust") and a subsidiary company Weaver Horizons Limited. The Trust is a registered charity.

The Group's vision is: "**Transforming neighbourhoods, homes and services to improve the quality of life for our customers**".

The Group owns and manages 6,312 (2014: 6,316) properties in West Cheshire.

The Group operates four key business streams:

- 'general needs' and sheltered housing for rent;
- a direct service organisation that provides a repairs and property improvement service for all the Trust's properties;
- working to transform the neighbourhoods where our housing stock is located; and
- support and to provide education, training and work experience for those who are unemployed and live in our properties.

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

Charitable purpose

The Trust has charitable objectives with the aim of providing homes and services for people who are disabled, over 55 years of age or those who are entitled to state or other benefits.

The Trust fulfils these objectives in many ways, the following are a few examples:

- providing and developing social housing properties for rent, including 1,988 (2014: 1,982) properties specifically for older people;
- providing a home and support for single homeless women at Cotswold House;
- the Trust's Money Matters Team advises and supports our customers who are in rent arrears;
- our Community Independence Team helps our customers to sustain and maintain their tenancies;
- the Trust's Neighbourhood team work to support and develop both individuals and communities; and
- the Skills and Enterprise Team help our customers to get ready for work and to get into employment.

Non-charitable operations are carried out by the Group's wholly owned subsidiary Weaver Horizons.

Financial and Business review

Financial review

The board is pleased to report a surplus of £6,371k (2014: £3,078k) in another challenging year for the Group and our customers. There has been a continued investment into our property stock with a focus on preventative maintenance and an investment into making homes affordable to heat.

A staffing restructure was undertaken during the year with the aim of aligning the organisational structure with the corporate plan, our 2020 Vision. This included the creation of a Transformation Team to improve the use of technology, data and customer data to improve the efficiency and effectiveness of our processes and service delivery.

The roll out of Universal Credit to the Trust's customers began on a small scale in 2015 and by the year end there were 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 be low impact in 2016.

The Homes and Communities Agency's (HCA's) Financial Viability Assessment (December 2014) 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 Group's five year summary is included in table 1 of this report.

Business review

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

The highlights of the year include:

- overall customer satisfaction 91% (2015: STAR survey – tracker survey); (2014: 91% telephone survey);
- continued investment into the Group's property stock;

- 100% of the Group's properties meet Decent Homes Standard;
- improvement in the amount of current arrears to 3.70% (2014: 3.95%);
- £1.7m of income gains (EG benefits) generated for our customers;
- placing 61 customers into work;
- voted 18th in the Sunday Times Top 100 Companies 2014 (not for profit organisations) and again accredited as a 2 star "Outstanding" company;
- Obtaining £520k of Affordable Homes Programme Grant to fund the conversion of 18 bedsits into 1 bed apartments and to build 3 new flats at Grange Court;
- A bid to build 20 new homes in 2016 was accepted through the NAHP;

Table 1 – Group highlights, five-year summary

For the period ended 31 March	**2015**	**2014**	**2013**	**2012**	**2011**
Group Income and Expenditure account (£'000)					
Total turnover	31,537	30,934	31,264	27,220	25,061
Operating costs	21,931	23,829	23,420	20,307	22,114
Operating surplus/(deficit)	9,606	7,105	7,844	6,913	2,947
Surplus/(deficit) for the year transferred to reserves	6,371	3,078	3,738	3,014	2,043
Group Balance Sheet (£'000)					
Housing properties, net of depreciation	90,839	88,364	86,363	84,288	80,309
SHG and other capital grants	7,038	6,536	6,092	5,816	4,767
Housing properties, net of depreciation and grants	83,801	81,828	80,271	78,472	75,542
Other fixed assets	4,602	4,610	4,775	5,016	5,173
Fixed assets	88,403	86,438	85,046	83,488	80,715
Intangible fixed assets	-	-	-	-	-
Net current liabilities	4,359	1,887	2,916	(1,953)	(1,918)
Total assets less current liabilities	92,762	88,325	87,962	81,535	78,797
Loans (due over one year)	81,677	83,755	87,044	84,700	84,500
Pensions liability	9,444	5,428	7,288	4,233	2,113
Other long term liabilities	905	680	698	446	687
Total reserves (all revenue)	736	(1,538)	(7,068)	(7,844)	(8,503)
	92,762	88,325	87,962	81,535	78,797
Housing properties owned at year end:					
Total housing stock *(excluding leasehold)*	6,183	6,189	6,216	6,226	6,177
Statistics					
Operating Surplus as a percentage of turnover *2	30.5%	23.0%	25.1%	25.4 %	11.8%
Operating Surplus (adjusted for capitalised improvements) as a percentage of turnover *2	18.7%	15.7%	11.7%	7.8%	(19.6%)
Rent losses *(voids and bad debts as % of rent and service charges receivable) *1*	2.1%	3.2%	2.9%	2.6 %	2.0%
Rent arrears *(gross arrears as % of rent and service charges receivable) *1*	6.3%	6.6%	6.7%	7.3%	7.0%
Interest cover *(surplus before interest payable divided by interest payable and capitalised interest) *2*	2.63	1.72	1.87	1.73	1.51
Liquidity *(current assets divided by current liabilities) *2*	1.68	1.22	1.62	0.62	0.63
Gearing *(loans as % of capital grant and reserves)*	10.51%	16.76%	(89.18)%	(41.77)%	(22.62)%

Note:*1 denotes the lower the better, *2 the higher the better.

Objectives and strategy

Our 2020 Vision was informed by the results of our 2012 STAR customer satisfaction survey which told us that the following were important priorities for our customers: improving their home; improving their neighbourhood; help with getting people into work; help with energy costs; help with claiming housing & other benefits. We will continue to shape our services around the needs of our customers and resource these priorities going forward.

Our 2020 Vision is also designed to deal with the impact of welfare reform and in particular the introduction of Universal Credit and public sector cuts. The aim is to maximise cash flow by becoming more commercial in collecting income, balanced by helping customers to get into work, reducing utility payments and providing support for our customers.

This Plan will see the Trust continue to position itself as a landlord of choice, with a greater emphasis on both providing homes that are affordable to heat and providing opportunities to help our customers into work

The 9 strategies that will support the 2020 Vision are:

Strategy	Description	Strategic Achievement Measures (SAM) for 2016	Strategic Achievement Measures for 2020
VFM & Quality	To constantly make the most effective use of our resources in the delivery of our strategies.	• Comply with Santander Covenants. • Operating surplus (adjusted for capitalised maintenance) to be equal to or better than budget.	• 90% of customers' rate rent as good value for money. • 95% of customers are satisfied with overall services. • Continue to operate within business plan requirements.
Affordable Warmth	To reduce the cost of living in our homes by making them more affordable to heat and run.	• 3,200 (cumulative since April 2012) of our households to have /have been offered measures and/or advice to make their homes more affordable to heat/run.	• All our households will have or have been offered measures and/or advice to make their homes more affordable to heat/run.
Self Reliance	To maximise the number of people and communities who look after themselves. To support those people and communities who are unable to look after themselves.	• A pilot project to offer Rewards to customers was undertaken for 6 months to May 2015. When these results have been assessed (summer 2015) the SAM will be determined.	• 25% or less of our communities requires neighbourhood based interventions. • Fewer than Majority 50% of our customers make demands on our support services (EG Money Matters and Support and Wellbeing).
Transforming Homes	To improve the desirability of our homes.	• Customer satisfaction with design and quality of home to be a minimum of 90% with under 35's to be greater than 80%. • Customer satisfaction with repairs and maintenance to be greater than 84% and under 35's to be greater than 74%	• Customer satisfaction with design and quality of home to be minimum of 90% (and under 35's >80%). • Customer satisfaction with repairs and maintenance service to be minimum of 90% (and under 35's >80%). • New build of 200 homes post 2017.
Transforming Neighbourhoods	To improve the desirability of our neighbourhoods.	• 78% minimum satisfaction in all neighbourhoods. • Turnover of property to be less than 6%.	• 85% minimum customer satisfaction in all neighbourhoods. • Turnover of properties to be less than 5%. • 95% of customers don't breach their tenancy conditions in a manner that would affect others.

Rent Commercialisation	To protect our main income stream.	• £850K or more income gains for our customers. • Cash collected to be no less than 99%. • Current arrears not to exceed 4.2%.	• Current arrears equal 3%.
Employer of Choice	To make the Trust a great place to work for current & future employees.	• Maintain our Best Company Score at 731 or higher.	• Best Companies 3 Star.
Customer Communication	To make sure our messages get through and are understood. To make sure our customer's voices are heard and acted upon.	• Greater than 90% customer satisfaction with keeping us informed. • Greater than 80% customer satisfaction with listening to customer views. • Greater than 80% customer satisfaction with acting on customer views.	• Greater than 90% customer satisfaction with keeping us informed. • Greater than 90% customer satisfaction with listening to views and acting on them.
Customers into Work	To increase the number of our customers who we assist into paid employment to enable them to pay their rent.	• During the year 85 people will be helped to become work ready. • 45 people will be placed into work in 2015/16. • For those households involved; 50% to have improved rent payments.	• 300 or more people who live in our homes placed into work. • 80% of Trust employees will be local. • We will have given 500 of our customers an opportunity to work for the Trust or offered placements, training here, or elsewhere.

Performance for 2015

The performance against the indicators for 2015 is as follows:

Strategy	**Measure**	**Actual 2015**	**Target 2015**	**Target Met /Exceeded/ Not achieved**
VFM & Quality	• Comply with Santander Covenants. • Operating surplus (adjusted for capitalised maintenance) to be equal to or better than budget.	• Yes • 18.7%	Yes • 16.1%	• Met • Exceed
Affordable Warmth	• 2,165 (cumulative) households have been offered measures and advice to make their homes more affordable to run.	• 2,566	• 2,165	• Exceed
Self Reliance	• Determine the numbers of tenants who make low demands on Trust services and investigate the reasons for this behaviour. • Determine the number of tenants who make high and repeat demands on Trust Services and investigate the reasons for the behaviour. • Establish a "well-being" indicator check for our Older Persons customers to monitor their dependency on Trust Services.	• Yes • Yes • Yes	• Yes • Yes • Yes	• Met • Met • Met

Transforming Homes	• Have a HCA Bid for development accepted.	• Yes	• Yes	• Met
Transforming Neighbourhoods	• Improve satisfaction - Wharton by 15% to 64%. • Improve satisfaction - Crook Lane by 2% to 68% • Improve satisfaction - Over by 1% to 82%. • Establish baseline data on customers who do not breach tenancy conditions. • Establish baseline regarding who would stay if they had a chance to leave. (First 3 measured by STAR)	• 83% • 78% • 74% • Yes • Yes	• 64% • 68% • 82% • Yes • Yes	• Exceed • Exceed • Not met • Met • Met
Rent Commercialisation	• £550K or more income gains for our customers. • Cash collected to be no less than 99% of that receivable in the year. • Current arrears not to exceed 4.55%.	• £1,683 k • 100.2 % • 3.70%	• £550k • 99% • 4.55%	• Exceed • Exceed • Exceed
Employer of Choice	• Increase Best Companies score to 723.3 or higher.	• 731.2	• 723.3	• Exceed
Customer Communication	• 150 individual tenants regularly taking part in involvement opportunities (not one off consultations). The diversity of these tenants will be measured against the overall tenant profile.	• 152	• 150	• Met
Customers into Work	• In the year75 people helped to become work ready. • During the year 40 people placed into work. • For those households involved, improved rent payments (only those have been in work for 8 weeks).	• 93 • 61 • 50%	• 75 • 40 • No target set	• Exceed • Exceed • NA

(Note: the STAR survey data relates to the survey undertaken during 2014/15)

The board is delighted to report the above performance.

Value for Money

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.

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 2015 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).

2020 Vision

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

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

The 2020 vision is focussed on ensuring the Trust and its customers are able to manage the changes and outcomes from increases in utility cost, public sector cuts and welfare reform and in particular the introduction of Universal Credit. This is balanced with our continuing aim to provide desirable homes within decent neighbourhoods and being a great place to work. This vision is translated into 9 strategies (see performance section for details of the strategies) which drive the changes and improvements required to achieve the 2020 vision.

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 2020 vision is achieved.

The board goes through a comprehensive and robust process when making strategic decisions. There are opportunity costs from each decision as a decision to do one thing means that something else has to be foregone. The following are some of the board's key existing strategic decisions, which are regularly reviewed through the corporate planning process:

- maintain status as an independent organisation;
- maintain existing borrowing margins;
- only to own property assets within West Cheshire;
- to maintain property stock in line with the stock condition survey;
- maintain high cash balances to mitigate against the risk of direct payment of Universal Credit;
- to have a modest development programme; and
- to invest in services for our vulnerable customers.

VFM and Quality Strategy

The aim of our strategy is "to constantly make the most efficient use of resources in the delivery of our strategies" and the reason for the strategy is "to ensure the business survival of the Trust and to mitigate the risks arising from the austere operating environment".

The following are the board's strategic measures:

Strategic measures	2015	2014	2013
Comply with Santander loan covenants	Yes	Yes	Yes
Adjusted operating margin to be better than budget (target 16% in 2015)	19%	16%	12%
90% or more of customers rate rent as good VFM* **	81%	80%	83%
95% of customers satisfied with overall services* **	91%	91%	91%
Operate within business plan requirements*	Yes	Yes	Yes

* 2020 targets

** note the 2013 STAR (Survey of Tenants and Residents) was a postal survey and the 2014 a telephone survey. The 2015 survey was postal and based on a tracker survey.

These measures are a mixture of financial and quality (measured through customer satisfaction).

Key financial ratios

The main financial measure of adjusted operating margin is presented; see above in the VFM strategic measures. The Trust also measures asset cover which was 232% (2014: 224%).

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 should fall in future years as fixed interest rate debt matures and moves onto variable rates.

HOUSEMARK treasury management data	Actual 2014	Actual 2013	Quartile 2014	Quartile 2013
Debt per unit	£14k	£13.8k	Q3	Q3
Average interest rates	5%	4.9%	Q4	Q4

Operating costs and overheads

HOUSEMARK Cost per property	Actual 2014	Actual 2013	Quartile 2014	Quartile 2013
Housing Management	£312	£271	Q4	Q3
Planned/cyclical maintenance	£1,488	£1,584	M	Q2
Responsive repairs & voids	£631	£536	Q2	Q1
Overheads a % of costs	27%	30%	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.) which equates to on average £1,488 a property. 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).

Key performance indicators

The following are some of the Trusts key operating indicators:

HOUSEMARK key operating data	Actual 2014	Actual 2013	Quartile 2014	Quartile 2013
Current arrears	3.98%	4.48%	Q3	Q3
Rent arrears collected	99.5%	94.8%	Q2	Q4
Void loss	1.35%	1.17%	Q3	Q2
Av time to re-let (days)	56	51	Q4	Q4
Gas certificate in place	99.9%	99.9%	Q4	Q3
Av no of repairs per property	3.4	3.4	Q2	Q2
Repairs average cost	£109	£89	Q1	Q1
Average number of sick days	11	9.8	Q4	Q4

The Trust's objective is to have the highest performance and to be in Quartile 1. We knew our rent arrears performance needed to improve and therefore we have carried out a corporate project to improve performance and increase resources in this area which has resulted in the improved arrears performance. The Trust has low tenancy turnover but time to relet properties is too long. A corporate project to improve performance has been completed and improvement will be evident in 2016. The average number of sick days is relatively high and a project is underway to improve this position.

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. To reduce the cost of the survey and ensure we capture views of customers with literacy problems, it has been moved from an annual postal survey to a telephone survey (in 2014) and to provide up to date data in 2015, it was moved to a survey every 4 months (the 2015 results are the combined average of the 3 latest surveys). These changes do affect the yearly comparison, which can vary because of the type of survey used.

Our challenging target is for overall satisfaction to be 95% by 2020; we recognise this can only be achieved by improving the satisfaction with the repairs service and this will be a focus over the next few years.

STAR survey data, with Housemark quartiles	Actual 2014	Actual 2013	Actual 2014	Actual 2013
Overall Satisfaction (2020 target 95%)	91%	91%	Q2	Q2
Customer who rate their rent as VFM (2020 target 90%)	80%	83%	Q4	Q3
Customer satisfaction with the design & quality of the home (2020 target – 90%)	89%	89%	Q2	Q2
Minimum of 85% customer satisfaction in all neighbourhoods (2020 target – 85%)	90%	86%	Q2	Q3
Net Promoter	49%	NA	Q1	NA

Asset Management

The board's aim is to invest as a minimum the amount in the Stock Condition Survey. This actual spend exceeded the stock condition figure due to grants to fund energy efficiency work

	2015	2014	2013
Total maintenance / property investment	£12.4m	£12.1m	£14.4m
Amount included in the stock condition survey	£12.5m	£11.8m	£12.5m
Decent Homes (target 100%)	100%	100%	100%

The board has set an Affordable Warmth strategy to reduce energy costs for customers by a mixture of giving them advice and improving the energy efficiency of its property stock. The environmental targets are linked to this strategy and also to maintaining the Decent Homes Standard.

	2015	2014	2013
Number of customers who have had measures or advice to make their homes more affordable to heat/run (cumulative figures)	2,566	1,142	NA

Improving the quality of life for our customers

Our work goes much further than providing a home and services for that home. We want to improve the quality of our customers' life. 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 is being reconfigured to respond to the loss of income.

One of the strategies is helping customers into work. One of the key reforms introduced by Universal Credit is that it pays to have a job and the Trust wants to help its customers to get one.

Strategic achievement measures for customers into work (all figures are cumulative)	Actual 2015	Actual 2014	Target 2020
Customers helped to be work ready	182	89	300
Customers placed into work	111	50	500

Continuous improvements

The Trust's aim is to continually look to improve the quality of service to our customers, whilst trying to reduce costs, improve the way we deliver our services and to improve the effectiveness of those services. The following are some of the improvements which had or will have the most significant financial impacts:

- Tender the maintenance materials contract which will save £876k over 5 years compared to the previous contract.
- Transferring the Careline telephone response service saved £300k a year (this was identified in 2014 and this was the first year of operation).
- Void income loss reduced by £31k, compared to previous year, following the outcome of a corporate project.
- Use of caretakers to replace external contractors saving £27k a year.

2016 our targets and what we will do to improve

The Trust's targets and commitments for 2016 are:

- Deliver our SAMs;
- Reduce staff sickness levels;
- Reduce the re-let times for void properties;
- Continue to reduce arrears levels;
- Complete the project for the Older Persons service to reduce costs and reconfigure the service;
- To commence our asset management project;
- To complete the 5 projects for the Transformation Team.

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 Group, 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
Direct Payment of universal credit will adversely affect the Group's cash flow 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.	• Corporate Project on rent commercialisation has been completed. • Improved the way the Group collects income. • Changing the culture around rent collection for both customers and staff to take a commercial approach. • Expanding and improving the number of alternative options for customers to pay their rent. • Helping customers to manage their finances.
Increase in Employer's contributions for the Group's Pension Schemes The Group could face significant liabilities meeting pension fund deficits. The Group's contribution levels may need to increase to fund the schemes.	• Regularly monitoring exposure through valuation reviews. • Tri-annual independent reviews of pension options. • Future increases included in business plan.
Safeguarding. The Group has updated its safeguarding policy, in response to legislative changes. Our risk is that the policy is not yet fully embedded throughout the Group.	• The Group has put in place a comprehensive action plan to ensure that the policy is fully embedded. Progress against the action plan is reported to the Group Audit and Assurance Committee.

Impact of lower CPI. Lower CPI is a risk to the Group as it reduces future increases in income. CPI in September 2014 was 1.2% (lower than the Group's 2% business plan estimate) and is forecast to remain lower than 2% throughout 2015.	• Business plan assumptions for CPI reduced to 0% in 2016 and 0.5% for 2017. • Sensitivity analysis and stress testing.
Increasing levels of current and former tenant arrears The impact of welfare changes on our customers will increase the amounts of rent that they owe to the Group.	• Corporate Project on rent commercialisation has been completed. • Additional Money Matters resources to help and advise customers.
Breach of loan covenant This would cause a review of the margins charged by our lender and increase interest payments.	• Regular monitoring of covenant requirements. • Business plan set at levels which comply with covenants. • Funding options review undertaken.

Capital structure and treasury policy

The Group had no additional borrowing, and repaid £3,289k during the year leaving an outstanding loan balance of £83,755k, £2,078k of which falls due to be paid within the next year. Finance leases outstanding amount to £132k.

Maturity

	2015 £000's	2014 £000's
Within one year	2,137	3,364
Between one and two years	3,648	2,135
Between two and five years	11,312	11,556
After 5 years	66,790	70,169
Total	**83,887**	**87,224**

All the Group borrowing is from Santander, at both fixed and floating rates of interest. The Group currently has 88.0% (2014: 96.0%) of its borrowings at fixed rates. The Group's policy is to keep between 70% and 100% of its borrowings at fixed rates of interest.

The fixed rates of interest range from 2.78% to 5.43% (plus margin); the average rate of interest on all loans is 5.03% (2014: 5.12%).

The trend information in Table 1 shows that gearing, calculated as total loans as a percentage of capital grants and reserves, was 10.5% (2014: 16.8%). During the next twelve months there is no planned borrowing and gearing is forecast to fall and will remain within the covenant levels set by the Santander.

The Group's lending agreement requires compliance with a number of financial and non-financial covenants. The Group's position is monitored on an on-going basis and reported to the board each quarter. The Group was in compliance with its loan covenants at the balance sheet date and the board expects to remain compliant in the foreseeable future.

The Group has cash balances of £9.2 million at 31 March 2015 (2014: £9.0 million) and the current ratio stands at 1.68 (2014: 1.22). The Group monitors cash flow forecasts closely to ensure that sufficient funds are available to meet liabilities when they fall due. The Group is carrying a high cash balance in preparation for the initial impact of the direct payment of universal credit to customers.

Cash flows

The Group has achieved a net increase in cash during the period before financing of £3,563k (2014: £3,392k).

Future Developments

The Group has a modest programme to build 20 new homes through the NAHP in 2015 and 2016. The total cost of this programme is estimated to be £1,884k which will be funded through £440k of grant and the balance from cash.

The budget for 2016 includes £1,160k to refurbish one of the Group's independent living apartments. A bid will be made to the Homes and Communities Agency to part fund this project.

Statement of compliance

In preparing this Operating and Financial Review, the board has followed the principles set out in the Statement of Recommended Practice: Accounting by registered social housing providers (SORP).

In approving the Operating and Financial Review, the board are also approving the Strategic Report, in their capacity as directors of the company.

The Operating and Financial Review and the Strategic Report were approved by the board on 28th July 2015.

James Boyd

Chair

Report of the Board

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

Board members and executive directors

The present board members and the executive directors of the Trust are set out on page 3.

The board have a clear succession planning process and often appoint new members in advance to give a "cross over" period. This was the case in November 2014 when Alan Ball, who has experience as a CEO for a number of companies, joined the board as Chair Designate to replace James Boyd, when he retires in September 2015. In addition Jacqui Chatwood, an accountant who runs her own business, joined the board in December 2014 to replace Anita Miller who will also retire in September 2015; a decision on replacing Anita as Deputy Chair will be made at the AGM. The vacancy for a third Tenant Board member was filled in June when Barbara Dean joined the board.

The executive directors are the Chief Executive and other members of the Group'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. All executive directors served throughout the year.

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

Service contracts

The directors are employed on similar terms as other staff except that their salaries are subject to a separate remuneration policy and their notice period is six months.

Pensions

The executive directors are members of either the defined benefit element of the Social Housing Pension Scheme or the Cheshire Pension Fund, a salary career averaged defined benefit pension scheme. The directors participate in the schemes on the same terms as all other eligible staff.

Other benefits

The directors are entitled to other benefits such as the provision of health care insurance. Full details of the individual remuneration packages are included in note 10 to the financial statements.

Employees

Our employees are the key to delivering the Group's vision of improving the quality of life for our customers. Our Employer of Choice Strategy (more detail in the Operating and Financial Review and Strategic Report) 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 sixth consecutive year the Trust entered the Best Companies survey and was again accredited as a 2 star "Outstanding" company. This resulted in the Trust being placed 18th in the Sunday Times 100 Best Companies 2015 (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 Group 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.

Charitable Donations

The Group made minimal donations to a number of local charities and groups.

Post balance sheet events

We consider that there have been no events since the financial year end that have had a material impact on the financial position of the Group.

National Housing Federation governance code (2012)

We are pleased to report that the Group complies with the principal recommendations of the NHF Governance code. The Group carries out an independent review of governance every 3 years; the latest review took place in 2014.

Customer involvement and co-regulation

We actively encourage customers' involvement in decision making by promoting both formal and informal mechanisms for involvement. There are 3 places reserved for tenants on the board, making up a third of the board. The Trust's scrutiny committee, The Performance Improvement and Enhancement (PIE) Group, which is made up of customers who provide an independent perspective on the quality of service delivery, is an additional source of assurance and challenge for the board and the Group Audit and Assurance Committee. The other formal customers groups are centred on our Tenant's Consultative Committee and they are the Customer Involvement Groups (to work on specific service areas) and Tenant Inspectors (to gather data, views and information to improve customer satisfaction).

Financial risk management, objectives and policy

The Group uses various financial instruments, including loans, cash and other items such as rental arrears and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks. The main risks arising from the Group's financial instruments are considered by the directors to be interest rate, liquidity and credit risk. The board review and agree policies for managing each of these risks and they are summarised below.

Interest Rate Risk

The Group finances its operations through a mixture of retained surpluses and bank borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

Liquidity Risk

The Group aim is to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably.

Credit risk

The Group's principal credit risk relates to tenant (customer) arrears. The risk is managed by providing advice and support (benefit maximisation, debt management and budgeting) to customers through our Money Matters Team and close monitoring of arrears. The introduction of the direct payment of Universal Credit has been identified as a very severe risk to the Group and action has been to taken to mitigate the risk.

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 Group is on-going and has been in place throughout the period commencing 1 April 2014 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;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- 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 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 Group's business activities, its current financial position and factors likely to affect its future development are set out in the Operating and Financial Review and Strategic Report. The Group has adequate resources to finance committed development programmes, along with the Group's day to day operations. The Group has a long-term business plan which shows that it is able to service its debt 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 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.

Statement of Responsibilities of the Board

The board is responsible for preparing the Operating and Financial Review and Strategic Report and Report of the Board 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for that period. 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) Accounting by Registered Social Housing Providers Updated 2010, 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.

The directors confirm that:

- so far as each director 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 14 September 2015.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as external auditor will be proposed at the forthcoming annual general meeting.

The report of the board was approved by the board on 28 July 2015 and signed on its behalf by:

James Boyd
Chair

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

We have audited the financial statements of the Group and parent company, Weaver Vale Housing Trust Limited for the year ended 31 March 2015 which comprise the Group and Trust Income and Expenditure accounts, the Group and Trust Statement of Total Recognised Surpluses and Deficits, the Group and Trust Reconciliations of Movement in Funds, the Group and Trust Balance sheets, the Group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable 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 charitable 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 more fully explained in the Statement of Responsibilities of the Board (set out on page ~~8~~ 17), the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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.

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 charitable parent company's affairs as at 31 March 2015 and of its 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 2012; 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 Operating and Financial Review and Strategic Report and the Report of the Board 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.

Grant Thornton UK LLP.

Joanne Love
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester M3 3EB

Date: 29 July 2015

Group Income and Expenditure Account

For the year ended 31 March 2015

	Note	2015	2014
		£'000	£'000
Turnover: continuing activities	3	31,537	30,934
Operating costs	3	(21,931)	(23,829)
Total costs		(21,931)	(23,829)
Operating surplus: continuing activities	3	9,606	7,105
Surplus on sale of fixed assets – housing properties	6	401	460
Surplus on sale of fixed assets – other		6	-
Interest receivable and other income	7	43	51
Interest payable	8	(3,915)	(4,261)
Other finance income / (costs) – net return on assets	9	230	(176)
Curtailments and settlements	9	-	(101)
Surplus on ordinary activities before taxation		6,371	3,078
Taxation on ordinary activities	11	-	-
Surplus for the financial year	22	6,371	3,078

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the Group income and expenditure account.

The financial statements were approved by the Board and authorised for issue on 28 July 2015 and signed on its behalf by:

J Boyd
Chair

A J H White
Secretary

Weaver Vale Housing Trust Income and Expenditure Account

For the year ended 31 March 2015

	Note	2015	2014
		£'000	£'000
Turnover: continuing activities	3	31,453	30,866
Operating costs	3	(21,867)	(23,770)
Total costs		(21,867)	(23,770)
Operating surplus: continuing activities	3	9,586	7,096
Surplus on sale of fixed assets – housing properties	6	401	460
Surplus on sale of fixed assets - other		6	-
Interest receivable and other income	7	42	49
Interest payable	8	(3,915)	(4,261)
Other finance income / (costs) – net return on assets	9	230	(176)
Curtailments and settlements	9	-	(101)
Gift Aid receivable		21	11
Surplus on ordinary activities before taxation		6,371	3,078
Taxation on ordinary activities	11	-	-
Surplus for the financial year	22	6,371	3,078

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The financial statements were approved by the Board and authorised for issue on 28 July 2015 and signed on its behalf by:

J Boyd
Chair

A J H White
Secretary

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2015

	Group 2015	2014	Trust 2015	2014
	£'000	£'000	£'000	£'000
Surplus for the financial year	6,371	3,078	6,371	3,078
Actuarial gain / (loss) relating to pension scheme	(4,097)	2,452	(4,097)	2,452
Total recognised surplus since last report	2,274	5,530	2,274	5,530

The accompanying notes form part of these financial statements.

Reconciliation of movements in Group's and Trust's surplus / (deficit)

For the year ended 31 March 2015

	Group 2015	2014	Trust 2015	2014
	£'000	£'000	£'000	£'000
Opening total deficit	(1,538)	(7,068)	(1,714)	(7,244)
Total recognised surplus relating to the year	2,274	5,530	2,274	5,530
Closing total surplus / (deficit)	736	(1,538)	560	(1,714)

Group Balance Sheet

Company Registration Number: 04227894

At 31 March 2015

	Note	2015	2014
		£'000	£'000
Tangible fixed assets			
Housing properties			
Depreciated cost	12	90,839	88,364
Social Housing Grant	12	(6,371)	(5,894)
Other Grant	12	(667)	(642)
		83,801	81,828
Other tangible fixed assets	13	4,602	4,610
		88,403	86,438
Current assets			
Stock		71	86
Debtors	15	1,520	1,424
Cash at bank and in hand		9,224	8,998
		10,815	10,508
Creditors: Amounts falling due within one year	17	(6,456)	(8,621)
Net current assets		4,359	1,887
Total assets less current liabilities		92,762	88,325
Creditors: Amounts falling due after more than one year	18	82,582	84,435
Net pension liability	9	9,444	5,428
		92,026	89,863
Capital and reserves			
Non-equity share capital	21	-	-
Revenue reserve	22	736	(1,538)
Group surplus / (deficit)		736	(1,538)
		92,762	88,325

The accompanying notes form a part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 28 July 2015 and signed on its behalf by:

J Boyd
Chair

A J H White
Secretary

Weaver Vale Housing Trust Balance Sheet

Company Registration Number: 04227894

At 31 March 2015

	Note	2015	2014
		£'000	£'000
Tangible fixed assets			
Housing properties			
Depreciated Cost	12	90,839	88,364
Social Housing Grant	12	(6,371)	(5,894)
Other Grant	12	(667)	(642)
		83,801	81,828
Other tangible fixed assets	13	4,602	4,610
		88,403	86,438
Current assets			
Stock		71	86
Debtors	15	1,539	1,436
Cash at bank and in hand		9,017	8,809
		10,627	10,331
Creditors: Amounts falling due within one year	17	(6,444)	(8,620)
Net current assets		4,183	1,711
Total assets less current liabilities		92,586	88,149
Creditors: Amounts falling due after more than one year	18	82,582	84,435
Net pension liability	9	9,444	5,428
		92,026	89,863
Capital and reserves			
Non-equity share capital	21	-	-
Revenue reserve	22	560	(1,714)
Trust surplus / (deficit)		560	(1,714)
		92,586	88,149

The accompanying notes form a part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 28 July 2015 and signed on its behalf by:

J Boyd
Chair

A J H White
Secretary

Group Cash Flow Statement

For the year ended 31 March 2015

	Note	2015	2014
		£'000	£'000
Net cash inflow from operating activities	25	11,966	11,289
Returns on investments and servicing of finance			
Interest received and other income	7	43	51
Interest paid		(4,050)	(4,263)
		(4,007)	(4,212)
Taxation paid			
Corporation tax paid	11	-	-
Capital expenditure			
Fixed asset additions		(5,738)	(4,679)
Sales of housing properties		865	734
Receipt of social housing grant		477	260
		(4,396)	(3,685)
Net cash inflow before financing	25	3,563	3,392
Financing			
Capital element of hire purchase finance repayments	26	(48)	(54)
Loans repaid	26	(3,289)	(225)
Net cash inflow from financing		(3,337)	(279)
Increase in cash	25,26	226	3,113

The accompanying notes form a part of these financial statements.

Notes to the Financial Statements

31 March 2015

1. Legal status

The Group consists of Weaver Vale Housing Trust Limited (company limited by guarantee) and its subsidiary company Weaver Horizons Limited (company limited by shares). Weaver Vale Housing Trust Limited 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 under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2010 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012. The accounting policies applied to the financial statements are unchanged from the prior year. A true and fair override of the Companies Act 2006 has been made in respect of the treatment of capital grants.

Going concern
The Group's business activities, its current financial position and factors likely to affect its future development and position are set out in the Report of the Board and Operating and Financial Review and Strategic Report. The Group has in place long term debt facilities which provide adequate resources to finance committed reinvestment and 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 the basis of its assessment of the Group's financial position, the board has a reasonable expectation that the Group will be able to continue in its 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.

Basis of consolidation
The Group financial statements consolidate the financial statements of Weaver Vale Housing Trust Limited and its subsidiary company, Weaver Horizons Limited, at 31 March 2015. The Group uses the acquisition method of accounting to consolidate the result of its subsidiary undertaking from the date of incorporation.

Turnover and revenue recognition
Turnover comprises rental income receivable in the year, income from property sales, other services included at the invoiced value of goods and services supplied in the year and revenue grants. 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
The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.
In accordance with FRS19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.
Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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 and therefore not liable to corporation tax on its charitable activities. Weaver Horizons Limited is liable to corporation tax.

Interest payable
Interest payable is charged to the income and expenditure account in the year in which it is incurred.

Interest is capitalised on borrowings to finance developments 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 social housing grant (SHG) 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.

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 Group pays pension contributions which are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice.

For the Cheshire Pension Fund, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

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 income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

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 for the Group.

Housing properties
Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquisition, development and expenditure incurred in respect of improvements.

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.

Social housing grant
Social housing grant (SHG) is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Other grants
Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Supporting People
Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with the Administering Authorities (Cheshire West and Chester Council).

True and fair override
Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet (refer note 12). This is a departure from the rules under the Companies Act 2006, which does not permit income to be off set against assets. In the opinion of the board, it is a relevant accounting policy reflecting the substantial costs of the assets and is comparable to that adopted by other registered social landlords. It has been adopted in order to present a true and fair view.

Depreciation of housing properties
Major components which comprise housing properties are separately identified, and depreciation is charged, 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
Housing properties, including those with individual components, which are depreciated over a period in excess of 50 years, are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

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

Other tangible fixed assets
Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. 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 buildings	75 years
Furniture, fixtures and fittings	5 years
Other equipment	4 to 10 years
Computer equipment	3 years

Leased assets
Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Sale of housing property under right to buy legislation
Sales of housing properties are taken into account on completion of contracts. Due to the nature of the transfer with Cheshire West and Chester Council, it is not possible to separately identify the value of each property sold. An average value is eliminated from the property assets following each sale and charged to the Income and Expenditure Account.

Stocks and stores
Stocks and stores are included in the Balance Sheet at the lower of cost and net realisable value.

Bad and doubtful debts
Provision is made against rent arrears of current and former tenants and also against sundry arrears.

Current asset investments
Investments are stated at market value.

Liquid resources
Liquid resources are readily disposable current asset investments. They include some money market deposits held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

3. Turnover, operating costs and operating surplus

Group – continuing activities

		2015	
	Turnover	**Operating costs**	**Operating surplus / (deficit)**
	£'000	**£'000**	**£'000**
Social housing lettings	30,125	(19,968)	10,157
Other social housing activities			
Supporting people contract income	136	(998)	(862)
	30,261	(20,966)	9,295
Non-social housing activities			
Lettings – Shops	227	(18)	209
Other	1,049	(947)	102
	1,276	(965)	311
	31,537	(21,931)	9,606

		2014	
	Turnover	**Operating costs**	**Operating surplus / (deficit)**
	£'000	**£'000**	**£'000**
Social housing lettings	29,615	(21,881)	7,734
Other social housing activities			
Supporting people contract income	207	(981)	(774)
	29,822	(22,862)	6,960
Non-social housing activities			
Lettings - Shops	206	(14)	192
Other	906	(953)	(47)
	1,112	(967)	145
	30,934	(23,829)	7,105

3. Turnover, operating costs and operating surplus (continued)

Weaver Vale Housing Trust – continuing activities

	2015		
	Turnover	**Operating costs**	**Operating surplus / (deficit)**
	£'000	**£'000**	**£'000**
Social housing lettings	30,125	(19,968)	10,157
Other social housing activities			
Supporting People Income	136	(998)	(862)
	30,261	(20,966)	9,295
Non-social housing activities			
Lettings – Shops	227	(18)	209
Other	965	(883)	82
	1,192	(901)	291
	31,453	(21,867)	9,586

	2014		
	Turnover	**Operating costs**	**Operating surplus / (deficit)**
	£'000	**£'000**	**£'000**
Social housing lettings	29,615	(21,881)	7,734
Other social housing activities			
Supporting People Income	207	(981)	(774)
	29,822	(22,862)	6,960
Non-social housing activities			
Lettings – Shops	206	(14)	192
Other	838	(894)	(56)
	1,044	(908)	136
	30,866	(23,770)	7,096

3 (a). Turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of Income and Expenditure from Social Housing Lettings

Group and Trust

	General Housing	Supported Housing and Housing for Older People	Shared Ownership	2015 Total	2014 Total
	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	20,515	8,545	57	29,117	28,083
Service income	125	883	-	1,008	1,147
Net rental income	20,640	9,428	57	30,125	29,230
Other revenue grants	-	-	-	-	385
Turnover from Social Housing Lettings	20,640	9,428	57	30,125	29,615
Management	(3,306)	(1,518)	(25)	(4,849)	(4,586)
Services	(370)	(1,725)	(3)	(2,098)	(2,270)
Routine maintenance	(3,538)	(1,404)	-	(4,942)	(4,772)
Planned maintenance	(2,871)	(1,071)	-	(3,942)	(3,790)
Major repairs expenditure	(538)	(1,217)	-	(1,755)	(3,857)
Bad debts	(78)	(36)	(1)	(115)	(416)
Depreciation of housing properties	(1,545)	(710)	(12)	(2,267)	(2,190)
Operating costs on social housing lettings	(12,246)	(7,681)	(41)	(19,968)	(21,881)
Operating surplus on social housing lettings	8,394	1,747	16	10,157	7,734
Void losses	(297)	(217)	-	(514)	(523)

4. Accommodation in management

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

	Group and Trust	
	2015 No.	2014 No.
Social housing		
General housing		
- social rent	4,111	4,163
- affordable rent	51	11
Supported housing and housing for older people	1,988	1,982
Shared ownership	33	33
Leasehold flats	129	127
Total owned and managed	6,312	6,316

5. Operating surplus

This is arrived at after charging:

	Group and Trust	
	2015 £'000	2014 £'000
Depreciation of housing properties	2,274	2,195
Depreciation of other tangible fixed assets	444	489
Operating lease rentals		
- land and buildings	49	45
Auditor remuneration (excluding VAT)		
- for audit services	20	21
- tax compliance	2	3

6 Surplus on sale of fixed assets – Housing Properties

	Group and Trust	
	2015 £'000	2014 £'000
Net receipt from sale of properties in accordance with the sharing agreement with Cheshire West and Chester Council (Sales 2015:18, 2014:13)	630	444
Net receipt from right to acquire sales (Sales 2015:3, 2014:4)	229	290
Transfer (to) Disposal Proceeds Funds	(190)	(228)
Less: Cost of Sales	(268)	(214)
Other (Sales 2015:0, 2014:0)	-	168
Net Surplus	401	460

* 2014 includes share of income in respect of the 4 sales in 2013 which has been retained.

7. Interest receivable and other income

	Group		Trust	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Interest receivable and similar income	43	51	42	49
	43	51	42	49

8. Interest payable and similar charges

	Group and Trust	
	2015 £'000	2014 £'000
Loans and bank overdrafts	3,927	4,299
Interest payable capitalised on housing properties under construction	(12)	(38)
	3,915	4,261
Capitalisation rate used to determine the finance costs capitalised during the period	4.87%	4.95%

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 2015 No.	Group and Trust 2014 No.
Chief Executive, Finance and Business Services, Skills and Enterprise	70	70
Property	149	154
Housing, Neighbourhood and Wellbeing	97	101
Total	316	325

Employee Costs:

	Group and Trust 2015 £'000	Group and Trust 2014 £'000
Wages and salaries (gross)	8,443	8,621
National Insurance Contributions	592	581
Pension Costs	1,558	1,236
	10,593	10,438

The employee costs for the year ended 31 March 2015 include £67k of redundancy payments (2014: £293k). No redundancy payments were made to Directors.

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 below.

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

SHPS is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. 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 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

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

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

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

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

A career average revalued earnings (CARE) structure with a 1/120ths accrual rate was made available from 1 April 2013. This structure is contracted-in to the State Second Pension scheme.

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 1/120th, 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 1/60th accrual rate defined benefit structure and a defined contribution benefit structure for active members and new entrants.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From the 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Schemes assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

As at the balance sheet date there were 9 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 £452,885. The Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary is currently finalising the 2014 valuation and key provisional results have been confirmed. As at 30 September 2014, the market value of the Schemes assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Valuation Discount Rates:	**% Per Annum**
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
Pension Increases:	
Pre 88 Guaranteed Minimum Pension (GMP)	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death in service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

	Assumption:
Mortality pre retirement	41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% per annum for Males and 1.25% for Females.
Mortality post retirement	97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% per annum for Males and 1.25% for Females.

The long term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	**Long-term joint contribution rate (% of pensionable salaries)**
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.
Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Member's Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount (*) equivalent to 3.1% of Member's Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these assumptions.

These deficit contributions are in addition to the long-term joint contribution rates as set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new members are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of the closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Schemes liability attributable to employment with the leaving employer compared to the total amount of the Schemes liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Defined contribution structure

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 balance sheet date there were 9 active members in the defined contribution scheme. The annual pensionable payroll in respect of members in the scheme during the year was £201,699. The Group also continues to offer membership of this Scheme to its employees.

Cheshire Pension Fund (Group and Weaver Vale Housing Trust)

The CPF is a multi-employer scheme with more than one participating employer, which is administered by Cheshire West and Chester Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2013.

The market value of the scheme assets at that date was £3,259 million and the level of funding was 82%. The main actuarial assumptions used in the valuation were:

	2013 Valuation	2010 Valuation
Price inflation (CPI)	2.5%	3.3%
Funding basis for discount rate	4.6%	6.1%
Salary increases	3.3% per annum	5.3% per annum
Future pension increases	2.5% per annum	3.3% per annum

The actuarial valuation as at 31 March 2013 has been rolled forward, allowing for the different financial assumptions required under FRS17, to 31 March 2015, by a qualified, independent actuary.

Contributions

The employers' contributions to the CPF by the Group for the period 1 April 2014 to 31 March 2015 were £1,422k (2014: £1,262k) at a contribution rate of 20.7% of pensionable salaries for current service and £155k lump sum to cover the past service deficit. The employer's contribution rate for the year ending 31 March 2016 will remain the same as that for the year ending 31 March 2015.

Financial assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 17 basis were:

	31 March 2015 % per annum	31 March 2014 % per annum	31 March 2013 % per annum
Rate of increase in salaries	3.3	3.6	5.1
Rate of increase in pensions in payment	2.4	2.8	2.8
Discount rate	3.2	4.3	4.5
Inflation assumption	2.4	2.8	2.8
Expected return on assets	5.6	5.6	5.0

Mortality assumptions

Life expectancy is based on the Fund's VitCurves 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% pas. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.3 years	24.4 years
Future Pensioners*	24.1 years	26.7 years

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

Historic mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Period Ended	Prospective Pensioners	Pensioners
31 March 2014	CMI2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% pa.	CMI2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% pa.

These mortality assumptions are identical to those used in the previous accounting period.

Fair value and expected return on assets

The fair value of assets (employer) in the CPF and the expected rates of return were:

	Long Term Rtn 31 March 15 % per annum	Asset Value 31 March 15 £'000	Long Term Rtn 31 March 14 % per annum	Asset Value 31 March 14 £'000	Long Term Rtn 31 March 13 % per annum	Asset Value 31 March 13 £'000
Equities	6.6	20,986	6.6	22,766	5.7	23,120
Bonds	3.5	16,789	3.5	7,706	3.0	4,434
Property	4.8	3,358	4.8	2,452	3.9	1,900
Cash	3.7	839	3.7	2,102	3.0	2,217
Total	5.6	41,972	5.6	35,026	5.0	31,671

Recognition in the Balance Sheet:

	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Fair value of the above assets related to the Group	41,972	35,026	31,671
Value placed on liabilities	(51,416)	(40,454)	(38,959)
Deficiency related to the Group	(9,444)	(5,428)	(7,288)

The liabilities as at 31 March 2015 are based on the current benefit structure of the LGPS.

Recognition in the Income and Expenditure Account:

	Year 31 March 15 £'000	Year 31 March 15 % of pay	Year 31 March 14 £'000	Year 31 March 14 % of pay
Current service cost	1,571	25.2	1,577	26.8
Losses on Curtailments and Settlements	-	-	101	1.7
Amounts charged to operating costs	1,571	25.2	1,678	28.5
Interest cost	1,768	28.4	1,785	30.3
Expected Return on Employer Assets	(1,998)	(32.0)	(1,609)	(27.3)
Amounts charged to other finance costs	(230)	(3.6)	176	3.0
Total operating charge	**1,341**	**21.6**	**1,854**	**31.5**

Reconciliation of defined benefit obligation

	Year 31 March 15 £'000	Year 31 March 14 £'000
Opening Defined Benefit Obligation	**40,454**	**38,959**
Current Service Cost	1,571	1,577
Interest Cost	1,768	1,785
Contributions by Members	416	381
Actuarial Gains / (Losses)	7,802	(1,780)
Losses on Curtailments and Settlements	-	101
Estimated Benefits Paid	(595)	(569)
Closing Defined Benefit Obligation	**51,416**	**40,454**

Reconciliation of fair value of employer assets

	Year 31 March 15 £'000	Year 31 March 14 £'000
Opening Fair Value of Employer Assets	**35,026**	**31,671**
Expected Return on Assets	1,998	1,609
Contributions by Members	416	381
Contributions by the Employer	1,422	1,262
Actuarial Gains	3,705	672
Benefits Paid	(595)	(569)
Closing Fair Value of Employer Assets	**41,972**	**35,026**

Amounts for the current and previous accounting periods

	Year 31 March 15 £'000	Year 31 March 14 £'000	Year 31 March 13 £'000	Year 31 March 12 £'000	Year 31 March 11 £'000
Fair Value of Employer Assets	41,972	35,026	31,671	27,003	25,436
Present Value of Defined Benefit Obligation	(51,416)	(40,454)	(38,959)	(31,236)	(27,549)
Deficit	(9,444)	(5,428)	(7,288)	(4,233)	(2,113)
Experience Gains / (Losses) on Assets	3,705	672	2,193	(864)	1,319
Experience Gains / (Losses) on Liabilities	221	(2,222)	23	(178)	4,247

Amounts Recognised in Statement of Total Recognised Gains and Losses (STRGL)

	Year 31 March 15 £'000	Year 31 March 14 £'000	Year 31 March 13 £'000	Year 31 March 12 £'000	Year 31 March 11 £'000
Actuarial (Losses) / Gains recognised in STRGL	(4,097)	2,452	(2,957)	(2,359)	10,264
Cumulative Actuarial Gains and Losses	(6,685)	(2,588)	(5,040)	(2,083)	276

Movement in deficit during the year

	Year 31 March 15 £'000	Year 31 March 14 £'000
Group's share of scheme liabilities at beginning of year	(5,428)	(7,288)
Movement in year:		
Current service cost	(1,571)	(1,577)
Contributions	1,422	1,262
Losses on Curtailments and Settlements	-	(101)
Net return on assets	230	(176)
Actuarial gain / (loss)	(4,097)	2,452
Group's share of scheme liabilities at end of year	(9,444)	(5,428)

Projected pension expense for the year to 31 March 2016

	Year 31 March 2016 £'000	% of pay
Projected Current Service Cost	1,948	31.3
Interest on Obligation	1,670	26.8
Expected Return on Plan Assets	(1,360)	(21.9)
Total	2,258	36.2

The Expected Return on Employer Assets is based on the discount rate as per forthcoming revisions to FRS disclosures.

10. Board members and executive directors

	Salary	Benefits in kind	Sub total	Pension contr'ns	2015 Total	2014 Total
	£	£	£	£	£	£
Chief Executive						
S Jennings	120,784	13,581	134,365	27,832	162,197	154,230
Director of Finance & Business Services						
A J H White	93,339	10,651	103,990	21,461	125,451	117,062
Director of Property						
G Roberts	77,880	2,525	80,405	17,934	98,339	86,183
Director of Housing						
C R Rowbottom	96,100	2,538	98,638	22,159	120,797	107,497
Director of Skills & Enterprise						
I M Richards	82,482	1,377	83,859	19,063	102,922	90,937
Director of Neighbourhoods & Wellbeing						
J M Burbidge	71,653	4,808	76,461	16,688	93,149	84,995
	542,238	**35,480**	**577,718**	**125,137**	**702,855**	**640,904**

The full time equivalent number of staff (including Executive Directors) who received emoluments:

	2015 No.	2014 No.
£60,001 to £70,000	-	-
£70,001 to £80,000	-	-
£80,001 to £90,000	-	1.8
£90,001 to £100,000	1.8	1
£100,001 to £110,000	1	1
£110,001 to £120,000	-	1
£120,001 to £130,000	2	-
£140,001 to £150,000	-	-
£150,001 to £160,000	-	1
£160,001 to £170,000	1	-

The emoluments (excluding pension contributions) of the highest paid director, the Chief Executive, were £134k (2014: £128k). Included within the Chief Executives 2015 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.

Payments to board members commenced January 2014. Board members received the following emoluments in the year:

Board Members	2015 Total £	2014 Total £
J Boyd (Chair)	9,008	2,168
A Miller (Deputy Chair)	4,182	1,053
S Nettleton (to 15 September 2014)	1,643	891
I Moston (Chair of Group Audit and Assurance Committee)	4,182	1,053
R Radway	3,564	891
G R Miller	3,564	891
M Shaw	3,564	891
L C Reilly-Cooper	3,564	891
C Pickthall (to 5 June 2014)	966	929
J Wiss * (to 15 September 2014)	756	926
J A Bolton	3,564	562
A Ball (Chair Designate from 14 November 2014)	4,063	-
P G Waring * (from 15 September 2014)	1,711	-
J Chatwood (from 1 December 2014)	1,228	-
	45,559	**11,146**

* J Wiss and P G Waring were members of the Group Audit and Assurance committee only.
Expenses paid during the year to board members amounted to £3k (2014: £3k).

11. Tax on deficit on ordinary activities

	Group and Trust	
	2015 £'000	2014 £'000
United Kingdom Corporation Tax		
Current tax on income for the year	-	-
Current tax	-	-
Tax on deficit on ordinary activities	-	-

	Group and Trust	
	2015 £'000	2014 £'000
Current tax reconciliation		
Surplus on ordinary activities before tax	6,371	3,078
Theoretical tax at UK corporation tax rate 21% (2014: 23%)	1,338	708
- charitable loss not tax deductible	(1,338)	(708)
Current tax charge	-	-

12. Tangible fixed assets - properties

GROUP and TRUST – Housing properties	Social housing properties held for letting	Non-social housing properties held for letting	Social housing properties under construction	Completed shared ownership properties	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2014	99,354	268	2,222	242	102,086
Additions	3,723	3	1,287	-	5,013
Schemes completed	2,347	-	(2,347)	-	-
Disposals	(378)	-	-	-	(378)
At 31 March 2015	105,046	271	1,162	242	106,721
Depreciation					
At 1 April 2014	13,671	18	-	33	13,722
Charged in year	2,213	8	-	3	2,224
Released on disposal	(64)	-	-	-	(64)
At 31 March 2015	15,820	26	-	36	15,882
Depreciated cost					
At 31 March 2014	85,683	250	2,222	209	88,364
At 31 March 2015	89,226	245	1,162	206	90,839
Social Housing Grant application					
At 31 March 2014	5,461	-	433	-	5,894
Received in year	520	-	(43)	-	477
At 31 March 2015	5,981	-	390	-	6,371
DPF application					
At 31 March 2014	458	-	184	-	642
Applied in year	209	-	(184)	-	25
At 31 March 2015	667	-	-	-	667
Net book value					
At 31 March 2014	79,764	250	1,605	209	81,828
At 31 March 2015	82,578	245	772	206	83,801

Total spend on purchases, improvements and major works to properties:

	Group and Trust 2015	Group and Trust 2014
	£'000	£'000
Amounts expensed	5,697	7,647
Amount capitalised	5,010	4,303
	10,707	11,950

Total accumulated social housing and other grant received or receivable as at 31 March was:

	Group and Trust 2015	Group and Trust 2014
	£'000	£'000
Capital grants	7,038	6,536
Revenue grants	4,165	4,167
	11,203	10,703

Social housing grant is repayable in certain circumstances.

Total accumulated finance costs as at 31 March was:

	Group and Trust 2015	Group and Trust 2014
	£'000	£'000
Aggregate amount of finance costs included in cost of housing properties	69	57

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

	Group and Trust	
	2015	**2014**
	£'000	**£'000**
Freehold land and buildings	87,594	85,677
	87,594	85,677

13. Tangible fixed assets - other

Group and Weaver Vale Housing Trust

	Freehold Offices	Furniture & Fittings	Computers & Office Equip't	Other Equip't	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2014	4,369	494	3,800	482	9,145
Additions	-	38	218	180	436
Disposals	-	-	-	-	-
At 31 March 2015	4,369	532	4,018	662	9,581
Depreciation					
At 1 April 2014	520	410	3,146	459	4,535
Charged in year	56	36	348	4	444
Disposals	-	-	-	-	-
At 31 March 2015	576	446	3,494	463	4,979
Net book value					
At 31 March 2014	3,849	84	654	23	4,610
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 2015 includes £132k (2014: £180k) in respect of assets under finance leases, depreciation charged in the year on these assets amounted to £88k (2014: £70k).

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 (a non regulated entity) and charged Weaver Horizons Limited £4k (2014: £2k) (excluding VAT).

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

	Group 2015 £'000	Group 2014 £'000	Trust 2015 £'000	Trust 2014 £'000
Due within one year				
Rent and service charges receivable	1,837	1,945	1,837	1,945
Less: Provision for bad and doubtful debts	(1,730)	(1,839)	(1,730)	(1,839)
	107	106	107	106
Inter company debtors	-	-	61	37
Other debtors	772	827	730	802
Less: Provision for bad and doubtful debts	(61)	(44)	(61)	(44)
Prepayments and accrued income	702	535	702	535
	1,413	1,318	1,432	1,330
	1,520	1,424	1,539	1,436

16. Current asset investments

There have been no current asset investments during the year (2014: nil).

17. Creditors: amounts falling due within one year

	Group 2015 £'000	Group 2014 £'000	Trust 2015 £'000	Trust 2014 £'000
Debt (note 20)	2,078	3,289	2,078	3,289
Interest payable	752	886	752	886
Rent and service charges received in advance	845	793	845	793
Trade creditors	952	2,024	952	2,024
Other creditors	230	108	230	108
Accruals and deferred income	1,256	1,214	1,256	1,214
Other taxation and social security	284	232	272	231
Finance leases (note 20)	59	75	59	75
	6,456	8,621	6,444	8,620

18. Creditors: amounts falling due after more than one year

	Group and Trust 2015 £'000	Group and Trust 2014 £'000
Debt (note 20)	81,677	83,755
Finance leases (note 20)	73	105
Deferred grant	92	-
Disposal proceeds fund (note 19)	740	575
	82,582	84,435

19. Disposal proceeds fund

	Group and Trust	
	2015	2014
	£'000	£'000
At 1 April	575	531
Net sale proceeds recycled	190	228
Withdrawals	(25)	(184)
Balance at 31 March	740	575

Withdrawals from the disposal proceeds fund were used to fund the purchase of a flat (2014: used to fund new builds).

20. Debt analysis

	Group and Trust	
	2015	2014
	£'000	£'000
Due within one year		
Bank loans	2,078	3,289
Obligations under finance leases	59	75
	2,137	3,364

	2015	2014
	£'000	£'000
Due after more than one year		
Bank loans	81,677	83,755
Obligations under finance leases	73	105
	81,750	83,860

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

	2015	2014
	£'000	£'000
Within one year	2,137	3,364
Between one and two years	3,648	2,135
Between two and five years	11,312	11,556
After five years	66,790	70,169
	83,887	87,224

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

The interest rate on £74 million of the debt is fixed. Repayment periods range from 1 year to 9 years. The current average rate of interest for all loans is 5.03% (2014: 5.12%). The remaining £10 million bank loan is on a variable rate of interest.

At 31 March 2015 the Group did not have an undrawn loan facility (2014: Nil).

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

21. 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 2 resignations and 2 new appointments to the board during the year. At the end of March there were 9 members plus 1 Council board member (Cheshire West and Chester).

	2015	2014
	£	£
Shares of £1 each issued and fully paid		
At 1 April	10	7
Shares issued during the year	2	4
Shares surrendered during the year	(2)	(1)
At 31 March	10	10

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.

22. Revenue Reserve

		Group		Trust
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
At 1 April	(1,538)	(7,068)	(1,714)	(7,244)
Surplus for the year	6,371	3,078	6,371	3,078
Actuarial gain / (loss) relating to Pension scheme	(4,097)	2,452	(4,097)	2,452
At 31 March	736	(1,538)	560	(1,714)

The Group had no other reserves at 31 March 2015 (2014: nil).

23. Financial commitments

Capital expenditure commitments were as follows:

	Group and Trust	
	2015	2014
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the financial statements	3,089	256
Expenditure approved by the board, but not contracted	3,256	5,409
	6,345	5,665

The above commitments will be financed through grant, overdraft facilities and cash generated from operations.

Operating leases

The payments which the Group and Trust are committed to make in the next year under operating leases are:

	2015	2014
	£'000	£'000
Land and buildings, leases expiring		
Within one year	7	5
One to five years	16	30
Beyond five years	-	16
	23	51

24. Reconciliation of Group operating surplus to net cash inflow from operating activities

	2015	2014
	£'000	£'000
Operating surplus	9,606	7,105
Pension net return on assets	(230)	277
Depreciation of tangible fixed assets	2,718	2,684
Pension operating charge	1,571	1,577
Pension contributions paid	(1,422)	(1,262)
	12,243	10,381
Working capital movements		
Decrease / (Increase) in debtors	(96)	248
(Decrease) / Increase in creditors	(196)	669
(Increase) / decrease in stock	15	(9)
Net cash inflow from operating activities	11,966	11,289

25. Reconciliation of Group net cash flow to movement in net debt

	2015	2014
	£'000	£'000
Increase in cash	226	3,113
Cash outflow from decrease in debt and lease finance	3,377	295
Increase/ decrease in net debt from cash flows	3,603	3,408
New finance leases in the year	(40)	(16)
Total changes in net debt for the period	3,563	3,392
Net debt at 1 April	(78,226)	(81,618)
Net debt at 31 March	(74,663)	(78,226)

26. Analysis of Group net debt

	1 April 2014	Cash Flow	Non Cash Flow	31 March 2015
	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,998	226	-	9,224
Changes in cash	8,998	226	-	9,224
Loans	(87,044)	3,289	-	(83,755)
Finance leases	(180)	48	-	(132)
Changes in debt	(87,224)	3,337	-	(83,887)
Changes in net debt	(78,226)	3,563	-	(74,663)

27. Financial assets and liabilities

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:

	2015 £'000	2014 £'000
Sterling	9,224	8,998
	9,224	8,998

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:

	2015 £'000	2014 £'000
Floating rate	10,236	3,525
Fixed rate	73,519	83,519
Total (note 20)	83,755	87,044

The fixed rate financial liabilities have a weighted average interest rate of 5.03% (2014: 5.12%).

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 2015 the Group did not have an undrawn loan facility (2014: £nil).

Fair values of financial assets and liabilities (Group)

	2015		2014	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Primary financial instruments held or issued to finance the Trusts operations				
Financial assets	9,224	9,224	8,998	8,998
Long-term borrowings	81,677	81,677	83,755	83,755
Short-term borrowings	2,078	2,078	3,289	3,289

There are no derivative financial instruments held to manage the interest rate profile.

Future fair values will be calculated by discounting cash flows at prevailing interest rates.

28. Related parties

The Company has taken advantage of the exemption set out in Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the Group headed by Weaver Vale Housing Trust Limited on the grounds that 100% of the voting rights in the company are controlled within that Group, and the company is included in consolidated financial statements.

Tenancies of the tenant board members are on normal commercial terms and they are not able to use their position to their advantage. Tenant board members during the year are as follows:

* C L Pickthall – resigned 5 June 2014
* L C Reilly-Cooper
* M Shaw