

# Annual Report

## The Wrekin Housing Group Limited

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**For the year ended 31 March 2015**

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## Introduction from Chair and Chief Executive

The group has enjoyed another successful year in 2014/15, with South Shropshire Furniture Scheme and Reviive completing their first full years as members of the partnership. The group expanded further during the year with the setting up of Strata Housing Services Limited to provide development services to its parent company, the Wrekin Housing Trust. It is already delivering the planned savings for the group. After the first successful year of delivering cleaning and grounds maintenance services to some Trust properties under the Clean Cut brand, and having taken on the running of the community hubs at two of the Trust's extra care schemes in the later months of 2014/15, the social enterprise activities previously undertaken by the South Shropshire Furniture Scheme were transferred to Fuse CIC, a new subsidiary of the Wrekin Housing Group Limited which began trading on 1 April 2015.

It was a good year for The Wrekin Housing Trust Limited ("the Trust"). It made another strong surplus and out-performed its budget and business plan for 2014/15. Demand for the Trust's properties remains very strong and the Trust continues its Asset Renewal Strategy to respond to that demand and deliver more new homes. 205 sales were completed during the year to fund future developments, while 799 new properties were added to the Trust's stock and the Limewood dementia unit was completed in partnership with Choices. The first three large extra care schemes were completed during the year and all three are now also being managed by Choices. The Trust still has ambitious development plans and is in the final stages of raising additional loan finance to deliver over 2,700 new homes over the next four years.

The Trust's other trading subsidiary, Old Park Services Limited, increased its contribution to the group under the gift aid rules by 38% compared to 2013/14 and this was achieved with only a marginal increase in turnover. It continued to provide repairs services to external organisations and sell maintenance software systems and safety alarm services, as well as managing a scheme of market-rented stock.

Choices Housing Association ("Choices") was always going to face a challenging year in financial terms as it continued to grow and diversify rapidly during 2014/15. It took on the full operation of the Limewood dementia care facility in Stafford and the management of the three extra care schemes referred to above. Once these new ventures are fully operational they will start to make positive returns for the group whilst delivering high quality care services to the residents.

Shropshire Housing Alliance ("SHA") and South Shropshire Furniture Scheme ("SSFS") had stronger years than in 2013/14, with SHA returning to a surplus position having secured some further contract funding for its advice and support services and having operated Money Matters and Tenancy Sustainment services for the Trust. SSFS also improved its financial performance, achieving its budget whilst developing several new initiatives, some of which will now be taken on by Fuse CIC as noted above.

Reviive had a difficult year in 2014/15 as it worked to establish its newer stores in Telford, Oswestry and Chester, but it continued to deliver void property clearance services successfully for the Trust, and management are working on a number of measures to move the company towards a break-even position in 2015/16.

As can be seen above, despite the various challenges faced by all group partners in a period of rapid growth and change, the mutual trading relationships and joint initiatives between those partners are now providing real benefits for all customers accessing services provided by the group. We remain committed to releasing the potential of our employees through training and an open culture which encourages mutual respect. Our success depends on our staff continuing to provide excellent and cost effective services and we thank them for their continued efforts.

**Mike Lawton**  
Chair of The Wrekin Housing Group  
Limited

**John Broadhead**  
Chief Executive of The Wrekin Housing  
Group Limited

## Board members, executive officers and advisors

The membership of the board is set out below:

Chair:

Mike Lawton

Other members:

Christopher Cullen  
Jafferhusein Kapasi (resigned 22 September 2014)  
Sue Lane  
Steve Price  
Anne Ward  
James Wood

Executive Officers:

Group Chief Executive  
Director of Financial Services  
Company Secretary & Solicitor

John Broadhead  
Francis Best  
Chris Horton

Head Office and Registered Office:

Colliers Way  
Old Park  
Telford  
TF3 4AW

External Auditors:

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

Registered by the Tenant Services Authority No. L4424  
Company Registration No. 5032634



The biographies of the board members are set out below:

**Chris Cullen**

Chris Cullen is the Emeritus Professor of Clinical Psychology at Keele University and former Director of Psychological Services, North Staffordshire Combined Healthcare NHS Trust.

Chris has worked in both clinical and academic settings since the mid 1970s, until retiring from the NHS. For 10 years he was the Enable Professor of Learning Difficulties at the University of St Andrews before moving to North Staffordshire in 1995. He is a recent Trustee of Research Autism and co-chaired its Scientific Committee. In 2012 he was made an Honorary Fellow of the British Association for Behavioural and Cognitive Psychotherapies and was given a Lifetime Achievement Award by the British Psychological Society. He is a Staffordshire JP and was a school governor for many years.

**Mike Lawton**

Mike Lawton is a Commercial Director with Michelin Tyre plc. He has held senior roles within the organisation both in the UK and as an expatriate. He began his career with Waterford-Wedgwood in the late 1980s and with Austin Reed in the 1990s. Mike has an MBA from Staffordshire University. Mike's private sector experience includes corporate strategy, sales and marketing strategy, business budgetary and financial management, international management of projects and people and enterprise level administration process design and synergy.

Mike joined Choices Housing Association in 2008 as a board member and has been Chair since 2009. Mike headed the team which led Choices into the selection process for a strategic partner and ultimately into The Wrekin Housing Group.

**Sue Lane**

Sue has lived in the Telford area for 24 years having transferred from a branch of Adams Children's Wear in Birmingham to a branch in Telford where she was a Branch Manager for many years. She then became an Office Manager for a gas contractor company.

During her children's educational years, Sue was a school governor and worked on a voluntary basis as a teaching assistant.

Sue became a member of the STARS and WGS area groups and at the same time she joined the Tenants Panel as secretary, before being voted as Vice Chair in June 2011.

Sue was voted on as the Tenants' Panel Chair in June 2012 and again in 2013 and is enjoying her role very much. She was also very privileged to be voted on as Vice Chair of the Wrekin Housing Trust board. As a Wrekin Housing Trust board member, Sue also attends the board meetings at Bushbury Hill Estate Management Board.

**Steve Price**

Having graduated from university, Steve was employed for a short time as a Field Biologist with Rentokil PLC before joining local government as a Student Environmental Health Officer with South Cambridgeshire DC.

Shortly after qualifying as an Environmental Health Officer, Steve moved to the Welsh Marches area working with Leominster DC, where he was subsequently appointed as Principal EHO prior to obtaining the post of Head of Environment & Community Services with South Shropshire. He worked for South Shropshire DC for some 19 years.

His position with South Shropshire District Council gave him wide responsibility for Public Health including food safety, health & safety, infectious disease control, waste collection, housing, licensing and pollution control services.

His time has also been taken up with working at County, Sub-Regional and Regional level partnerships and he has held the Chair of Shropshire Chief Environmental Health Officers Group, Shropshire Housing Officers Group, the Shropshire Supporting People Core Strategy Group and the West Midlands Rural Housing Network.

Steve led the work associated with bringing together the five District and Borough Councils and Shropshire County Council to form Shropshire Council from 1st April 2009. He retired from Shropshire Council, where he was Group Manager in charge of Planning, Built and Natural Environment, Highways, Waste Services and Transportation, in May 2012.

Steve comes from a family with longstanding connections with Ludlow.

### **Anne Ward**

Anne is a former housing association Chief Executive with depth and breadth of experience in managing and working within both the public and private sectors. She has extensive experience of corporate governance as a chair, board member and statutory appointee. She is passionate in striving to achieve good governance, quality services for customers and excellent people and teams.

Anne is an Msc and alumnus of the Oxford Said Business School. She attained a diploma from the Coaching Academy and is a member of the Chartered Institute of Housing. In the past she has been a statutory appointee to registered landlords that came under regulatory supervision, board member of the National Housing Federation, board member of HouseMark and a member of the NHF Regulatory Panel.

She is currently non-executive Chair of The Wrekin Housing Trust and also acts as a consultant on chair and board member appraisal both independently and as an associate consultant.

### **James Wood**

James is a founder director of a development and regeneration company. His previous experience was at a regional estate agency and property business where he was Operations Manager and he has wide experience of project management in a number of large schemes. James has been Chair of Shropshire Housing Alliance since 2009 and is also a trustee of The Shropshire & West Midland Agricultural Society, where he leads on business planning, governance and a major refurbishment.



## Report of the board

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

### Principal activities

The Wrekin Housing Group Limited (the "Company") was incorporated on 18 February 2004 as a company limited by guarantee and is registered with the social housing regulator.

During the year under review the company had eight wholly-owned subsidiaries (which together comprise the "Group"), The Wrekin Housing Trust Limited, Choices Housing Association Limited, WHT (Subsidiary) Limited, Shropshire Housing Alliance, South Shropshire Furniture Scheme, Reviive CIC, Old Park Services Limited and Strata Housing Services Limited.

The Wrekin Housing Trust Limited (the "Trust") is a company limited by guarantee, a registered charity and is also registered with social housing regulator.

Choices Housing Association Limited ("Choices") is incorporated under the Industrial and Provident Societies Act 1965, under charitable rules, and is registered with the social housing regulator.

WHT (Subsidiary) Limited ("WHT Subsidiary") is a private limited company which has not traded since incorporation on 4 February 2004.

Shropshire Housing Alliance ("SHA") is a company limited by guarantee and a registered charity.

South Shropshire Furniture Scheme ("SSFS") is a company limited by guarantee and a registered charity.

Old Park Services Limited ("Old Park") is a private limited company and is wholly owned by The Wrekin Housing Trust Limited.

Strata Housing Services Limited ("Strata") is a private limited company and is wholly owned by the Wrekin Housing Trust Limited.

Reviive CIC is a community interest company that is jointly owned by SHA and SSFS.

The company's principal activity is to act as a group holding company and in particular to facilitate the partnership between, and the development of, all the group members and to monitor their performance.

### Business review

Details of the group's performance for the year are set out in the Operating and Financial Review and Strategic Report that follows this report of the board.

### Fixed assets

Details of changes to the group's fixed assets are shown in notes 13 and 14 to the financial statements. Housing property values are considered in the Operating and Financial Review and Strategic Report.

### Payment of creditors

The group agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

### **Investing in employees**

Motivated and committed employees are essential to achieving our aim of providing high quality services to our residents and the board embraces the need for employees to be empowered and involved at every level of the organisation.

The group is committed to ensuring and promoting equality of opportunity for all in the services that it delivers and the way that those services are delivered, ensuring that differences are recognised. The group is also committed to ensuring equality for all its employees and applicants for employment.

As a provider of social housing the group is aware that the quality of life for many people has been undermined by discrimination and disadvantage. The group is committed to responding to social diversity in today's society and strives to reflect this in its own organisational culture. Further information is given in the reports of the boards of the Trust, Choices, SHA, SSFS, Revive, Strata and Old Park.

### **Health and safety**

The board is aware of its responsibilities on all matters relating to health and safety. The group has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

### **Board members and executive directors**

The board consists of six ordinary members. They are responsible for the overall management of the group. The board regulates its membership to ensure that each member brings his or her own expertise to the board in matters as diverse as finance, knowledge of tenants and their requirements, construction, commercial experience, charitable and legal requirements as well as political experience and local knowledge.

The board is responsible for the group's strategy and policy framework. Day to day management and implementation of that framework is delegated to the executive management group which comprises the group chief executive, group director of financial services and the company secretary. The executive directors are not board members, hold no interest in the company's shares and act as executives within the authority delegated by the board.

The board members and executive officers who served during the year and up to the date of this report are set out on page 2.

The group has insurance policies in place which indemnify its board members and executive directors against liability when acting for the group.

### **Remuneration**

#### **Policy**

The board is responsible for setting the group's remuneration policy for its executive directors on the advice of the Remuneration Committee, which agrees the appointment of executive directors and their remuneration, as well as the brief within which the executive directors can negotiate staff salaries. The Remuneration Committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the executive directors. Basic salaries are set having regard to each executive director's responsibilities and pay levels for comparable positions.

#### **Pensions**

The executive directors are members of the Shropshire County Pension Fund, a defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other eligible staff and the group contributes to the scheme on behalf of its employees.



### Other benefits

The executive directors are entitled to other benefits such as the provision of a car and life assurance.

### Service contracts

The executive directors are employed on the same terms as other staff. Their notice period is twelve months.

### Board member remuneration

Fees were paid as follows in respect of the year ended 31 March 2015. In accordance with the articles of association a member entitled to remuneration who is also a member of the board of another group company is not entitled to additional remuneration; the figures stated may therefore have been paid in respect of service on the board of the company or of another entity within the group:

Mike Lawton	£10,638
Anne Ward	£10,830
Chris Cullen	£6,357
Steve Price	£4,000
James Wood	£4,000
Jafferhusein Kapasi	£1,944

### Group Structure

The group comprises the Wrekin Housing Trust Limited ("the Trust"), Old Park Services Limited ("Old Park"), Strata Housing Services Limited ("Strata"), Choices Housing Association Limited ("Choices"), Shropshire Housing Alliance ("SHA"), WHT (Subsidiary) Limited ("WHT Subsidiary"), South Shropshire Furniture Scheme ("SSFS") and Reviive CIC ("Reviive"). It is a partnership of complementary organisations with mutual trading relationships.

The Trust and Choices have each nominated two members to the group board (Anne Ward and Sue Lane in the case of the Trust and Chris Cullen and Mike Lawton in the case of Choices), which also has one member nominated by Shropshire Housing Alliance (James Wood) and one nominated by South Shropshire Furniture Scheme (Steve Price). As the other entities in the group are either wholly owned by another group entity or dormant, they do not have any rights of nomination to the group board.

The committee structure was also reviewed and simplified in 2011 to ensure adequate scrutiny and oversight by the relevant boards and there are two committees that operate on a group-wide basis: the Joint Audit and Risk Management and Group Remuneration Committees.

### NHF Code of Governance

The board is pleased to report that the company complies with the main principles, provisions and (to the extent it is relevant) the best practice guidance contained in the National Housing Federation's Code of Governance (revised 2010). It recognises its responsibilities for ensuring that arrangements are made for keeping proper books of account with respect to the group's transactions and its assets and liabilities and for maintaining a satisfactory system of internal controls over the group's books of account and transactions and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board's governance arrangements are reviewed regularly, including a plan for training and development activities identified in the annual board member appraisal process. The governance framework also has a strong resident or service user element with different arrangements for different group members, reflecting their very different operations and customer groups.

### **Risks and uncertainties**

The main risks that may prevent the group achieving its objectives are considered and reviewed annually by the senior management team and board as part of the corporate planning processes. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the group, are regularly reported to the Audit & Risk Management Committee and board together with action taken to manage the risks and the outcome of the action. These risk reports include assessments of key controls used to manage the risks. The main risks affecting the group are considered in more detail in the Operating and Financial Review and Strategic Report.

### **Internal controls assurance**

The board has overall responsibility 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, and not absolute, assurance against material misstatement or loss. The process for identifying, evaluating and managing the significant risks faced by the group is ongoing 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. The board receives and considers reports from management on these risk management and control arrangements during the year and the Audit Committee considers risk management in more detail at each of its meetings.

The arrangements adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

### **Identifying and evaluating key risks**

The group's risk management strategy, setting out the board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The executive directors regularly consider reports on these risks and are responsible for reporting to the board any significant changes affecting key risks. More detailed risk assessments are carried out by managers at all levels in the business using the group's risk management software. All matters brought to the executive management group or board for decision are supported by such risk assessments.

### **Control environment and internal controls**

The processes to identify and manage the key risks to which the group is exposed are an integral part of the internal control environment. These processes, which are reviewed annually and revised where necessary, include strategic planning, succession planning and recruitment of executive directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection, and environmental performance.

### **Information and reporting systems**

Financial reporting procedures include strategic financial plans, underpinned by detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the board and monitored throughout the year by the boards and committees of group members. The board regularly receives reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

### **Monitoring arrangements**

Regular management reporting on control issues provides assurance to successive levels of management and to the board. It is supplemented by regular reviews by internal audit which provide independent assurance to the board via its Audit and Risk Management Committee. The arrangements include a rigorous procedure to ensure that recommendations are carefully considered and implemented or, occasionally, varied with the agreement of the Audit and Risk Management Committee.



### Going concern

After making enquiries the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the reports and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements. The principal factors that the board have considered in determining that the going concern basis of preparation remains appropriate are as follows:

- At the year end the group had committed loan facilities totalling £307 million, of which £45.5 million was undrawn at 31 March. A long term business plan is in place which shows that the remaining undrawn amount will be committed to the group's development programme during 2015/16. At the date of this report the Trust was in the final stages of raising additional loan finance of £133m from its existing funding syndicate to support further development over the next four year.
- The long-term business plans and detailed budgets also show that the group is able to service these debt facilities whilst continuing to comply with lenders' covenants.

### Annual general meeting

The annual general meeting will be held on 29<sup>th</sup> September 2015 at The Wrekin Housing Trust, Colliers Way, Old Park, Telford, Shropshire, TF3 4AW.

### Auditors

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the board was approved by the board on 29th July 2015 and signed on its behalf by:



C J Horton  
Company Secretary

## Operating and Financial Review and Strategic Report

### Principal Activities

The principal activities of the group members can be summarised as follows:

The Wrekin Housing Trust Limited (“the Trust”) is a registered charity and a company limited by guarantee, governed by its memorandum and articles of association which set out its charitable objects. The Trust is registered with the social housing regulator and was set up for the purpose of accepting a large scale voluntary transfer of housing stock from Telford and Wrekin Council, which took place on 25 March 1999.

Choices Housing Association Limited (“Choices”) is incorporated under the Industrial and Provident Societies Act 1965, under charitable rules and is registered with the social housing regulator. Its principal activity is the provision of housing, care and support services for individuals with learning and/or other disabilities.

Shropshire Housing Alliance (“SHA”) is a registered charity and a company limited by guarantee, governed by a deed of trust and its memorandum and articles of association which set out the objectives and powers of the charity. Its principal activities are to assist people who are homeless and in housing need by the provision of rented accommodation and to provide housing support and advice services.

South Shropshire Furniture Scheme (“SSFS”) is a registered charity and a company limited by guarantee, governed by its memorandum and articles of association. Its principal activities are to relieve poverty and protect or preserve the environment for the public benefit by collecting and distributing donated furniture, recycling and renovating household items for resale and providing training opportunities for individuals.

Reviive CIC (“Reviive”) is a community interest company that is jointly owned by SHA and SSFS. Its principal activity is that of a retail outlet for re-used and recycled household goods and the promotion of re-use as an alternative to disposal of household goods and waste.

Old Park Services Limited (formerly WHT (Subsidiary) Limited, is a private limited company and is wholly owned by the Trust. Its principal activity is the provision of housing and property related services and associated software to other social landlords.

Strata Housing Services Limited (“Strata”) is a private limited company, wholly owned by the Trust. Its principal activity is the supply of housing development services to the Trust.

WHT (Subsidiary) Limited (formerly Old Park Services Limited) is a private limited company which has not traded since its incorporation on 4 February 2004.



### Business and financial review

The group made a total surplus for the year of £15.6 million (2014: £17.6 million). The group's reserves stand at £64.7 million (2014: £62.6 million).

The Trust had a strong year in financial and performance terms, and delivered a net increase of 485 in its housing stock, adding 799 new properties to its stock and completing the 59 bed dementia care unit at Limewood for Choices, whilst continuing to dispose of older, uneconomic properties through its Asset Renewal Strategy. At the year end it held 11,854 rented properties (including 1,617 units of supported housing and 107 units of shared ownership). It also had 1,096 leasehold properties and over 2,500 garages. At 31 March 2015 its total drawn borrowings were £261.5 million out of a loan facility of £307 million. The remaining loan facility, together with additional loan finance of £133m which is currently in the final stages of being negotiated, will be used to fund a development programme of 2,746 units over the next four years along with grant funding secured under the Affordable Homes Programme 2015-18, the Department of Health Care and Support Programme and the Affordable Homes Guarantee Programme totalling £43.97 million.

Choices had a difficult year in financial terms in what was a year of considerable and rapid growth and change for the organisation. It took on the operation of the Limewood dementia care facility, developed in partnership with the Trust. Although it took longer to fill the available spaces in the unit than originally planned, it is now almost fully operational. Work was also completed on three extra care schemes in Staffordshire, also developed in partnership with the Trust, at Maywood in Wombourne, Chasewood in Cannock and Elmwood in Stafford. Performance in its core care home activities continued to be above average for the sector with all homes achieving 100% compliance against the Care Quality Commission inspection standards.

SHA also had a stronger year financially in 2014/15 than in 2013/14, moving back into surplus for the year. The organisation secured further funding under its Advice and CRISIS contracts and successfully operated the Money Matters and Tenancy Sustainment services on behalf of the Trust. It moved into new premises in Shrewsbury and Oswestry, giving the organisation a higher profile in both town centres and increasing accessibility for its advice and support customers. The premises in Shrewsbury are shared with the Trust and the Oswestry office also provides a customer service point for Trust customers in the area, increasing the opportunities for closer partnership working.

SSFS also improved its financial performance in 2014/15, significantly reducing the levels of deficit seen in the previous two accounting periods, and out-performing its 2014/15 budget. This year was the first full year of managing the community centre in Craven Arms, alongside the long-standing arrangement in Ludlow, and the newer venture is progressing in line with its original business plan aims. SSFS continued to develop its social enterprise work under the FUSE brand name, delivering cleaning and grounds maintenance services to some of the Trust's properties under the Clean Cut trading style. Towards the end of the year it took over the running of the community hub facilities at the Cannock and Stafford extra care schemes developed by the Trust. Recognising the increasingly diverse nature of the activities of SSFS, the decision was taken to separate the social enterprise activities into a separate legal entity, leading to the creation of Fuse CIC, which began operating from 1 April 2015.

Reviiv recorded a deficit for the financial year, as it faced the challenge of further establishing the activities at the stores in Telford, Chester and Oswestry that were opened in 2013/14. It continued to deliver the void property clearance service for the Trust and bulky waste contracts in Cheshire and Shropshire. The board and management team are formulating a range of measures designed to reduce the current levels of deficit and move the organisation towards a break-even position in 2015/16.

Old Park continued to perform well in 2014/15, delivering a profit of £552,000, which was transferred back to the Trust, its immediate parent company, by way of gift aid. This was generated from the sale of repairs services and software solutions and support to other social landlords, together with the sale of its WATCH alarm service and the management of a scheme of market-rented properties.

Strata, the other wholly owned subsidiary of the Trust also had a successful first year of trading, delivering a profit of £1.156m which was transferred back to the Trust by way of gift aid. It is also well on the way to achieving its aim of saving between £1m and £1.5m in what would otherwise be irrecoverable VAT. In its first 14 months of operation since 12 April 2014, it has already realised savings of over £800k.

### **Objectives and strategy**

Each group member is responsible for setting its own objectives and strategy under the “federal” structure of the group and articulating those in the individual member’s strategic, operational and financial plans. These are reviewed and approved annually by each member’s board and then by the group board. The main objectives of the group members are set out below:

#### **The Trust:**

- to deliver improved services, defined as excellent by our customers;
- to increase the number and quality of rented homes available for customers across Shropshire, Staffordshire, Herefordshire and Wolverhampton;
- to maintain a strong business model, delivering in the present and prepared for the future.

#### **Choices:**

- to seek opportunities for expansion of services and alternative service delivery and funding models;
- to respond to growth by improving our governance arrangements, infrastructure and intra-group working and support;
- to enhance customer, staff and stakeholder consultation, quality and other monitoring and reporting mechanisms.

#### **SHA:**

- to improve efficiency and systems to generate value for money gains;
- to improve the quality of services provided;
- to develop and grow the business.

#### **SSFS:**

- to establish a robust business model;
- to increase the number of customers and donations by creating, implementing and regularly reviewing a robust marketing strategy;
- to maximise the amount of waste saved from landfill.

#### **Reviive:**

- to maximise the life of household products;
- to provide employment and training opportunities;
- to build a strong and efficient organisation.

Old Park:

- to continue to provide maintenance services and software solutions to other social landlords and bid for new contracts in these areas of work;
- to expand the provision of the WATCH alarm service.

Strata:

- to continue to provide development services to the Trust.

**Risks and uncertainties**

Risks that may prevent the group achieving its objectives are considered and reviewed annually by the senior management and board of each group member as part of the corporate planning process. The risks are recorded and assessed in terms of their impact and probability. The major risks to successful achievement of the group's objectives going forward are considered below.



<b>Key Risk</b>	<b>Detail</b>	<b>Action</b>
<b>Change in government policy</b>	Changes to the funding regime, rent setting or other duties required of registered providers may reduce income or increase costs. Changes to eligibility for and payment of welfare benefits.	Review of risk register  Modelling effect of policy changes into business plan and stress testing plan
<b>Performance failure</b>	Failure to achieve good operational outcomes leads to a fall in customer satisfaction levels and group members not being viewed landlords of choice or being subject to enforcement action by the regulator.	Regular monitoring of operational performance conducted throughout the organisation up to board level
<b>Financial management</b>	High level of borrowing and recessionary economic conditions result in (1) significant exposure to interest rate and inflation changes over the life of the business plan (including potential for rent deflation), (2) increased importance of compliance with the covenants in the funding documentation	Implementation of treasury management strategy and stress testing on business plan  Monitoring of covenant compliance via management accounts
<b>Investment in stock</b>	Failure to maintain properties at Decent Homes standard  Major or routine maintenance costs are in excess of costs assumed in the business plan.	Regular monitoring of status of properties against Decent Homes standard  Regular budget monitoring and reporting
<b>Asset renewal policy</b>	Unable to secure sufficient acquisitions/disposals to implement policy.	Regular monitoring of potential new developments and properties for sale and effect on business plan
<b>Lack of availability of contract or grant funding</b>	Due to budgetary constraints at external partner organisations, there is insufficient funding available for group members to deliver all the services and projects in their plans	Ongoing monitoring of income streams and attempts to diversify funding sources as far as possible to mitigate risk

#### **Capital structure and treasury policy**

During the year the group drew down £36.5m of borrowing under its loan facilities. The high level of activity under the group's development programme continued during 2014/15 with several large schemes completing during the year, and other starting on site which will be completed during 2015/16 and 2016/17. Current business plans show that the remainder of the current undrawn facilities will be drawn down to fund the development programme over the next year. At 31 March 2015 the group's drawn bank loans totalled £261.5m as shown below.



<b>Maturity</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
Less than one year	-	-
Between one and five years	-	-
After five years	261.5	225
	<u>261.5</u>	<u>225</u>

The group borrows, principally from banks and building societies, at both fixed and floating rates of interest. The group's policy is to keep between 50 per cent and 80 per cent of its borrowings at fixed rates of interest. At the year end, 86% of the borrowings were at fixed rates. This proportion will decrease and come back into line with the stated policy as further drawdowns are made on variable rates to support the development programme during 2015/16.

The fixed rates of interest range from 4.525% to 7.75% (including margins) and these have been factored into long-term business plans.

The group borrows and lends only in sterling and so is not exposed to currency risk.

### **Housing properties**

Details of changes to the group's fixed assets are shown in notes 13 and 14 to the financial statements. Housing properties are carried in the balance sheet at cost (after deducting depreciation and capital grant) of £354.9 million (2014: £294.6 million). Whilst housing properties are stated at historic cost, a valuation was obtained during the year on the Trust's properties in relation to loan debt coverage. The valuation was carried out by independent professional valuers, Savills (L & P) Limited, Chartered Surveyors and provided an Existing Use Value for Social Housing (EUV-SH) for the Trust's housing properties that are currently charged as security to its funders of £360.4m. The total value of all of the Trust's properties for account purposes, including those that are not currently charged as security, was £440m. Choices' properties have not been valued as Choices has no borrowings against which to provide security.

### **Cash flows**

There was a cash inflow from operating activities this year of £30.8m (2014: £29.5m), reflecting the strong level of operating surplus achieved in the year.

### **Statement of compliance**

In preparing this Operating and Financial Review, the board has followed the principles set out in Part 2 of the SORP 'Accounting by Registered Housing Providers' Update 2010.

The operating and financial review and strategic report was approved by the board on 29 July 2015 and signed on its behalf by



Chair

Anne Ward

## Statement of responsibilities of the board

### Statement of the responsibilities of the board for the financial statements

The board is responsible for preparing the Report of the Board and the Operating and Financial Review and Strategic Report and financial statements in accordance with applicable law and regulations. Company law requires the board to prepare financial statements for each financial year. Under that law the board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the group and company for that period. In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 company will continue in business.

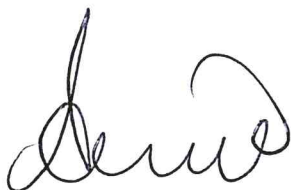
The board is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company 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 auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This annual report is available on the group's website [www.wrekinhousingtrust.org.uk](http://www.wrekinhousingtrust.org.uk) and summary information from the annual report is also contained in the annual report to tenants. The board is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The statement of responsibilities of the Board was approved by the Board on 29 July 2015 and signed on its behalf by:



Chair

Anne Ward



## Independent auditor's report to the members of The Wrekin Housing Group Limited

We have audited the financial statements of The Wrekin Housing Group Limited for the year ended 31 March 2015 which comprise the consolidated income and expenditure account, the company income and expenditure account, the statement of total recognised surpluses and deficits, the reconciliation of movements in group's and company's funds, the consolidated balance sheet, the company balance sheet, the consolidated 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the statement of responsibilities of the board on page 16, 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 (APB's) Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 March 2015 and of the group's and parent company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Independent auditor's report to the members of The Wrekin Housing Group Limited

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

In our opinion the information given in the Report of the Board and the Operating and Financial Review and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept by the parent company, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Fiona Baldwin  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP,  
Statutory Auditor, Chartered Accountants  
Manchester

29 July 2015



## Consolidated income and expenditure account

	Note	2015 £'000	2014 £'000
<b>Turnover:</b> Continuing activities	3	71,596	68,596
<b>Operating costs</b>	3	<u>(52,288)</u>	<u>(47,974)</u>
<b>Operating surplus:</b> Continuing activities	3, 6	19,308	20,622
(Goodwill) / negative goodwill written off on acquisition of Subsidiary companies		-	(12)
Surplus on sale of housing assets	4	10,928	9,401
Surplus on sale of other fixed assets		98	7
Interest receivable and other income	7	27	48
Interest payable and similar charges	8	(14,278)	(11,572)
Other finance charges	11	<u>(522)</u>	<u>(879)</u>
<b>Surplus on ordinary activities before taxation</b>		15,561	17,615
Tax on surplus on ordinary activities	12	<u>-</u>	<u>-</u>
<b>Surplus for the financial year</b>	22	<u><u>15,561</u></u>	<u><u>17,615</u></u>

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

The notes on pages 25 to 52 form part of these financial statements.

The financial statements were approved by the Board on 29th July 2015 and signed on its behalf by:

Chair

Board Member

Sue Lane

Secretary

Chris Horton

## Company income and expenditure account

	Note	2015 £'000	2014 £'000
<b>Turnover:</b> Continuing activities	3	63	44
<b>Operating costs</b>	3	(60)	(42)
<b>Operating surplus:</b> Continuing activities	3, 6	3	2
<b>Surplus on ordinary activities before taxation</b>		3	2
Tax on surplus on ordinary activities		-	-
<b>Surplus for the financial year</b>	22	3	2

The notes on pages 25 to 52 form part of these financial statements.

The financial statements were approved by the Board on 29 July 2015 and signed on its behalf by:



Chair  
Anne Ward



Board Member  
Sue Lane



Secretary  
Chris Horton

## Statement of total recognised surpluses and deficits

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Surplus for the financial year	15,561	17,615	-	-
Actuarial (loss)/gain on pension scheme (note 11)	(13,462)	10,209	-	-
Total recognised surplus relating to the year	<u>2,099</u>	<u>27,824</u>	<u>-</u>	<u>-</u>

## Reconciliation of movements in group's and company's funds

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Opening total funds	62,640	34,816	(47)	(49)
Total recognised surplus relating to the year	<u>2,099</u>	<u>27,824</u>	<u>3</u>	<u>2</u>
Closing total funds	<u>64,739</u>	<u>62,640</u>	<u>(44)</u>	<u>(47)</u>

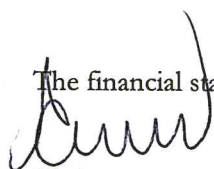
The notes on pages 25 to 52 form part of these financial statements.



## Consolidated balance sheet

	Note	2015 £'000	2014 £'000
<b>Tangible fixed assets</b>			
Housing properties	13	415,752	330,993
Social housing grant	13	(54,481)	(30,970)
Other grants	13	(6,333)	(5,414)
		<u>354,938</u>	<u>294,609</u>
Other tangible fixed assets	14	5,672	5,673
		<u>360,610</u>	<u>300,282</u>
<b>Current assets</b>			
Stock		360	364
Properties for sale	16	2,320	2,283
Debtors	17	7,997	3,705
Investments (money market deposits)		3,026	4,098
Cash at bank and in hand		3,708	5,505
		<u>17,411</u>	<u>15,955</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(18,092)</u>	<u>(10,714)</u>
<b>Net current (liabilities)/assets</b>		<u>(681)</u>	<u>5,241</u>
		<u>359,929</u>	<u>305,523</u>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	19	263,052	224,779
<b>Pension liability</b>	11	32,138	18,104
<b>Capital reserves</b>			
Revenue reserve	22	63,893	61,794
Restricted reserve	22	846	846
<b>Consolidated funds</b>		<u>64,739</u>	<u>62,640</u>
		<u>359,929</u>	<u>305,523</u>

The financial statements were approved by the Board on 29 July 2015 and signed on its behalf by:



Chair  
Anne Ward  
Company number: 5032634



Board Member  
Sue Lane



Secretary  
Chris Horton

The notes on pages 25 to 52 form part of these financial statements.

## Company balance sheet

	Note	2015 £'000	2014 £'000
<b>Current assets</b>			
Debtors	17	320	257
<b>Creditors: amounts falling due within one year</b>	18	(364)	(304)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(44)	(47)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<u>(44)</u>	<u>(47)</u>
<b>Capital and reserves</b>			
Non-equity share capital			-
Revenue reserve	22	<u>(44)</u>	<u>(47)</u>
<b>Company funds</b>		<u>(44)</u>	<u>(47)</u>

The financial statements were approved by the Board on 29 July 2015 and signed on its behalf by:



Chair  
Anne Ward



Board Member  
Sue Lane



Secretary  
Chris Horton

Company number: 5032634

The notes on pages 25 to 52 form part of these financial statements.

## Consolidated cash flow statement

	Note	2015 £'000	2014 £'000
<b>Net cash inflow from operating activities</b>	24	30,828	29,529
<b>Returns on investments and servicing of finance</b>			
Interest received		27	48
Interest paid		(11,942)	(10,468)
<b>Net cash outflow on returns and servicing of finance</b>		(11,915)	(10,420)
<b>Capital expenditure</b>			
Purchase and construction of housing properties		(90,535)	(51,038)
Improvements to existing housing stock		(7,594)	(9,007)
Purchase of other fixed assets		(816)	(873)
Sales of housing properties		17,390	14,705
Sale of Other fixed Assets		329	-
Social housing grant		23,820	4,184
Other grant		(254)	1,729
<b>Net cash outflow from capital expenditure</b>		(57,660)	(40,300)
<b>Acquisition of investments</b>			
Cash acquired on acquisition of subsidiary		-	20
<b>Net cash inflow from acquisitions</b>		-	20
<b>Net cash outflow before use of liquid resources and financing</b>		(38,747)	(21,171)
<b>Management of liquid resources</b>			
Cash withdrawn from money market deposit accounts		1,072	1,754
<b>Net cash inflow from management of liquid resources</b>		1,072	1,754
<b>Financing</b>			
Loan advances received		35,878	20,038
<b>Net cash inflow from financing</b>		35,878	20,038
<b>(Decrease)/Increase in cash</b>	25	(1,797)	621

The notes on pages 25 to 52 form part of these financial statements.



## Notes to the financial statements

### 1 Legal status

The company is incorporated under the Companies Act 2006, as a company limited by guarantee. It is registered with the social housing regulator as a Registered Provider of social housing. Its direct and indirect subsidiaries, The Wrekin Housing Trust Limited, WHT (Subsidiary) Limited, Old Park Services Limited and Strata Housing Services Limited are also incorporated under the Companies Act 2006 (limited by guarantee, limited by share capital, limited by share capital and limited by share capital respectively). Its direct subsidiary Choices Housing Association Limited is incorporated under the Industrial and Provident Societies Act 1965, under charitable rules. Its direct subsidiaries Shropshire Housing Alliance and South Shropshire Furniture Scheme are incorporated under the Companies Act 2006 as companies limited by guarantee and registered charities. Its indirect subsidiary Reviive CIC is a community interest company.

### 2 Accounting policies

#### Basis of accounting

The financial statements of the group and company are prepared under the historical cost convention and in accordance with applicable financial reporting standards and the Statement of Recommended Practice: Accounting by Registered Housing Providers (Update 2010) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

A true and fair override of the Companies Act 2006 has been made in respect of the treatment of capital grants. Further details as to the reasons for this departure are provided below.

#### Basis of consolidation

The group accounts consolidate the accounts of the company and all its subsidiaries (note 15) at 31 March 2015 using acquisition accounting.

#### Going concern

The group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with 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.

#### Turnover

Turnover comprises rental income receivable in the year, income from property sales, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year. With regard to the charitable companies in the group, incoming resources are included in the accounts when the entities are legally entitled to the income and the amount can be quantified with reasonable accuracy. Grants are included in the accounts when the entity becomes unconditionally entitled to them. Furniture donated for distribution is recognised as income when distributed, at the trustees' estimate of its second hand value. No amounts are included in the accounts for services provided by volunteers.

#### Revenue recognition

Rental income is recognised from the point properties become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

### **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, unless such provision is not permitted by FRS 19.

In accordance with FRS 19 deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

### **Value added tax**

The company and WHT (Subsidiary) Ltd are not registered for VAT. Wrekin Housing Trust Limited, Choices Housing Association Limited, Shropshire Housing Alliance, South Shropshire Furniture Scheme, Reviive CIC, Old Park Services Limited and Strata Housing Services Limited are registered for VAT. The Wrekin Housing Trust Limited and Choices Housing Association Limited's main income stream, being rent, is exempt for VAT purposes.

The majority of expenditure is subject to VAT, which the group is unable to reclaim – this expenditure is therefore shown inclusive of VAT. VAT can be reclaimed under the partial exemption method for certain other activities, and this is credited to the income and expenditure account.

### **Corporation tax**

The Wrekin Housing Group Limited, Old Park Services Limited, Strata Housing Services Limited and WHT (Subsidiary) Limited are registered for corporation tax whereby the charge is based on surpluses arising on certain activities, which are liable to tax.

Choices Housing Association Limited has been granted charitable status by HMRC and as such is not liable for corporation tax.

The Wrekin Housing Trust Limited, Shropshire Housing Alliance, South Shropshire Furniture Scheme and Reviive CIC are registered charities and as such are not liable for corporation tax.

### **Interest payable**

Interest is allocated and is charged to the income and expenditure account, based on the interest rate charged by the group's funders and the time over which the relevant loan balances were outstanding.

Other interest payable is charged to the income and expenditure account in the year.

### **Pensions**

The group participates in the Shropshire County Pension Fund (SCPF). This is a defined benefit final salary pension scheme administered by Shropshire County Council in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998. The assets of the scheme are invested and managed independently of the finances of the group.

For the SCPF, 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.

The group also operates a defined contribution pension scheme. Contributions payable to this pension scheme are charged to the income and expenditure account as they become payable in accordance with the rules of the scheme.



### **Disposal proceeds fund**

Net proceeds from the disposal of property under voluntary purchase grant and statutory right to acquire legislation and regulations are included within a disposal proceeds fund. Interest is credited to the fund and calculated on a daily basis with the interest rate applied being determined by the level of total deposits.

The fund can be applied for specific purposes ranging from acquisition of dwellings for letting, to repair or improvement of vacant dwellings or buildings otherwise subject to demolition. The fund may be repayable, at the discretion of the Homes & Communities Agency, in certain specific circumstances. The fund is included within creditors.

### **Reserves**

The group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

### **Housing properties**

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs 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 split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

### **Social housing grant**

Social housing grant (SHG) is receivable from the Homes & Communities Agency and is utilised to reduce the capital costs of housing properties, including land costs. It is allocated to the land and structure components of the associated asset in proportion to their cost. SHG due from the Homes & Communities Agency, or received in advance, is included as a current asset or liability.

SHG released on the sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

### **Other grants**

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. 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.

### **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 (see note 13). This is a departure from the rules of the Companies Act 2006 but in the opinion of the Board is a relevant accounting policy, comparable to that adopted by other registered social landlords, which has been adopted in order to present a true and fair view.



### Depreciation of housing properties

The group separately identifies the major components which comprise its housing properties and charges depreciation, so as to write down the cost of each component to its estimated residual value on a straight line basis over its estimated useful economic life. Freehold land is not depreciated. The structural components of the group's housing properties are depreciated at the following annual rates:

Dwelling Type	Assessed Depreciable Life (Years) – by period of construction				
	Pre-1945	1945-1964	1965-1974	1975-1984	Post 1985
General needs flats & maisonettes	80	90	100	100	120
General needs houses & bungalows & shared ownership houses	80	100	100	100	120
High rise flats	N/A	80	100	N/A	N/A
Sheltered flats & maisonettes	80	100	100	100	120
Sheltered houses & bungalows	80	100	100	100	120

The group depreciates the other major components of its housing properties at the following annual rates:

Component	Depreciable Life (Years)
Roof	60
Boiler	15
Heating System	30
Kitchen	20
Bathroom	30
Windows	30
Electrics	40
Solar Panels	30
Air Source Heat Pumps	30

### Impairment

Assets which are depreciated over more than 50 years are subject to annual impairment reviews. Other assets will be reviewed if there is an indication that impairment may have occurred.

Where there is evidence of impairment, the net book values of housing properties are written down to recoverable amount. Any such write down is charged to the income and expenditure account.

### Sale of housing property

Sales of housing properties are taken into account on completion of contracts. Due to the nature of the transfer with Telford and Wrekin Council, in the case of The Wrekin Housing Trust Limited, it is not possible to separately identify the value of each property sold. An average value, having regard to specific works undertaken since transfer, is eliminated from the property assets following each sale and charged to the income and expenditure account.

### Other 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. The principal annual rates used for other assets are:

Asset Category	Annual Depreciation Rate
Freehold buildings	4%
Office fixtures and fittings	10%
IT hardware and software	33%
Sheltered scheme fixtures and fittings	20%
Landscaping equipment	20%
Maintenance teams plant and equipment	20%

### 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.

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

### Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

### Provision for major repairs

Provision is only made for major repairs where a contractual obligation exists. Due to the group's programme of cyclical repairs and planned maintenance, based on a 30 year stock condition survey, no provision is made for these and actual costs are charged to the income and expenditure account.

### Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Liquid resources

Liquid resources are readily disposable current asset investments. They include 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 £'000	2015 Operating costs £'000	2015 Operating surplus £'000	2014 Turnover £'000	2014 Operating costs £'000	2014 Operating surplus £'000
Social housing lettings	58,720	(37,257)	21,463	56,685	(35,180)	21,505
Other social housing activities:						
Renting & letting of garages	772	(449)	323	764	(468)	296
Leaseholder service charges & communal repairs	575	(575)	-	463	(463)	-
Other	2,164	(2,132)	32	1,423	(1,637)	(214)
	62,231	(40,413)	21,818	59,335	(37,748)	21,587
Non-social housing activities						
Care Activities	3,835	(5,438)	(1,603)	4,302	(4,836)	(534)
Other	5,530	(6,437)	(907)	4,959	(5,390)	(431)
	71,596	(52,288)	19,308	68,596	(47,974)	20,622



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

#### Company - continuing activities

	2015 Turnover £'000	2015 Operating costs £'000	2015 Operating surplus £'000	2014 Turnover £'000	2014 Operating costs £'000	2014 Operating surplus £'000
Non-social housing activities	63	(60)	3	44	(42)	2
	<u>63</u>	<u>(60)</u>	<u>3</u>	<u>44</u>	<u>(42)</u>	<u>2</u>

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

#### Particulars of income and expenditure from social housing lettings

Group	General housing 2015 £'000	Supported housing 2015 £'000	Total 2015 £'000	Total 2014 £'000
Rents receivable net of identifiable service charges	45,053	9,045	54,098	51,980
Service charges	1,054	3,568	4,622	4,705
<b>Turnover from social housing lettings</b>	<b>46,107</b>	<b>12,613</b>	<b>58,720</b>	<b>56,685</b>
<b>Expenditure on social housing lettings</b>				
Management	(4,936)	(904)	(5,840)	(4,634)
Services	(1,301)	(3,369)	(4,670)	(5,020)
Routine maintenance	(10,620)	(2,154)	(12,774)	(12,251)
Rent losses from bad debts	(339)	(5)	(344)	(297)
Major repairs expenditure	(4,406)	(747)	(5,153)	(6,181)
Depreciation of housing properties	(7,331)	(1,145)	(8,476)	(6,797)
<b>Operating costs on social housing lettings</b>	<b>(28,933)</b>	<b>(8,324)</b>	<b>(37,257)</b>	<b>(35,180)</b>
<b>Operating surplus on social housing lettings</b>	<b>17,174</b>	<b>4,289</b>	<b>21,463</b>	<b>21,505</b>
<b>Void losses</b>	<b>348</b>	<b>1,165</b>	<b>1,513</b>	<b>378</b>

### 4 Surplus on sale of housing assets

Group	2015 £'000	2014 £'000
Disposal proceeds	17,076	15,244
Carrying value of fixed assets	(5,481)	(5,499)
	11,595	9,745
Disposal proceeds fund (note 20)	(667)	(344)
	10,928	9,401

## 5 Accommodation in management

Accommodation in management for each class of accommodation was as follows:

Group	2015 No.	2014 No.
General housing	10,130	9,890
Supported housing	1,640	1,381
Shared ownership	107	107
Residential care homes	122	47
<b>Total owned</b>	<b>11,999</b>	<b>11,425</b>
Accommodation managed for others	145	161
<b>Total managed</b>	<b>12,144</b>	<b>11,586</b>
Properties where the group had residual freehold interest	1,096	1,120
	<b>13,240</b>	<b>12,706</b>

Of the total owned, 278 were managed by third parties (2014: 45) and 118 (2014:118) properties were managed by Old Park Services Limited.

### Company

The company neither owns nor manages any units of stock.

## 6 Operating surplus

The operating surplus is arrived at after charging:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Depreciation of housing properties	8,416	6,817	-	-
Depreciation of other tangible fixed assets	724	688	-	-
Operating lease rentals:				
Hire of plant and machinery	1,040	906	-	-
Lease of Land and Buildings	127	140	-	-
Auditors' remuneration (including VAT):				
for audit services	70	60	-	-
for non-audit services	19	50	-	-

Audit fees in respect of The Wrekin Housing Group Limited are paid by The Wrekin Housing Trust Limited.



## 7 Interest receivable and other income

### Group

	2015 £'000	2014 £'000
Interest received from temporary investments with banks and building societies	27	48
	<u>27</u>	<u>48</u>

## 8 Interest payable and similar charges

### Group

	2015 £'000	2014 £'000
Loans and bank overdrafts	12,067	10,472
Funders security/facility fee	2,211	1,100
	<u>14,278</u>	<u>11,572</u>

## 9 Employees

### Group

Average monthly number of employees expressed in full time equivalents:	2015 No	2014 No.
Office staff	379	352
Trades employees	209	225
Wardens, estate officers and cleaners	32	34
Care	267	212
	<u>887</u>	<u>823</u>

### Staff costs:

	£'000	£'000
Wages and salaries	22,671	20,076
Social security costs	1,607	1,483
Other pension costs	2,374	2,486
	<u>26,652</u>	<u>24,045</u>

## 9 Employees (continued)

### Company

The company does not have any of its own employees (2014: none), however it will utilise the resources of The Wrekin Housing Trust Limited, the cost of which is recharged to the Company.

## 10 Board members and executive officers

### Group

Expenses paid during the period to Board Members amounted to £765 (2014: £1,674).

The aggregate amount of emoluments (including benefits in kind and pension contributions) paid to or receivable by the board members and executive officers of the group during the year was £317,005 (2014: £345,439). The emoluments of the executive officers were paid via The Wrekin Housing Trust Limited.

	2015 Total £'000	2014 Total £'000
<b>Executive directors</b>		
Basic salary	247	272
Benefits in kind (car provision)	10	10
Pension and social security contributions	41	48
	<hr/>	<hr/>
Total	298	330
	<hr/>	<hr/>
<b>Board members</b>		
Fees	19	15
Pension and Social Security contributions	-	-
	<hr/>	<hr/>
	19	15
	<hr/>	<hr/>

The following full time equivalent numbers of staff received emoluments of:

	2015 No.	2014 No.
£60,001-£70,000	3	6
£70,001-£80,000	6	3
£80,001-£90,000	3	-
£90,001-£100,000	-	-
£100,001-£110,000	-	-
£110,001-£120,000	-	2
£120,001-£130,000	-	-
£130,001-£140,000	2	1
£140,001-£150,000	1	-
	<hr/>	<hr/>
Total	15	12
	<hr/>	<hr/>

The emoluments of the highest paid director, the group director of finance were £132,117 excluding pension contributions (2014: £149,687).

## 11 Pensions

### Group

The Group participates in the Shropshire County Pension Fund ("the SCPF") which is a defined benefit final salary pension scheme. Triennial actuarial valuations are performed by a qualified actuary using the "projected unit" method. The most recent formal valuation of the Fund was completed at 31 March 2013. The group also operates a defined contribution pension scheme. The assets of that scheme are held separately from those of the group in an independently administered fund.

### Contributions

The employer's contributions to the Shropshire County Pension Fund by the Trust for the year ended 31 March 2015 were £2,104,000 (2014: £1,879,000) and the employer's contribution rate has been fixed as 13.8% of pensionable pay until 31 March 2015 with regard to future service benefits. From 2015/16 this rate will remain at 13.8%. In addition annual lump sum payments are being made in respect of past service deficits. The lump sum payment for 2014/15 was £458,800, and will be £477,600 in 2015/16.

### Financial assumptions

In calculating the scheme assets and liabilities, the fund's actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those indicated in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

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
Rate of increase in salaries	3.6	3.9
Rate of increase in pensions in payment	2.1	2.4
Discount rate	3.4	4.6
Inflation assumption	2.1	2.4
<b>Expected return on plan assets</b>		
Equities	6.5	7.0
Government bonds	2.2	3.4
Other bonds	2.9	4.3
Property	5.9	6.2
Cash	0.5	0.5



## 11 Pensions (continued)

### Mortality assumptions

The post retirement mortality assumptions used to value the benefit obligation at March 2014 and March 2015 are based on the PA92 series. The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2015 No. of years	2014 No. of years
Retiring today:		
Males	23.9	23.8
Females	26.3	26.1
Retiring in 20 years:		
Males	26.1	26
Females	29	29

### Amounts recognised in the balance sheet:

	2014 £'000	2014 £'000
Fair value of employer assets	66,545	58,225
Present value of funded liabilities	(98,683)	(76,329)
Net liability	<u>(32,138)</u>	<u>(18,104)</u>

### Analysis of the amounts charged to the income and expenditure account:

	2015 £'000	2014 £'000
Expected return on pension scheme assets	(3,025)	(2,671)
Interest on pension scheme liabilities	<u>3,547</u>	<u>3,550</u>
Amount charged to other finance costs	<u>522</u>	<u>879</u>
Current service cost	2,144	2,291
Loss on curtailments	<u>-</u>	<u>-</u>
Amount charged to operating costs	<u>2,144</u>	<u>2,291</u>
Total amount recognised in the income and expenditure account	<u>2,666</u>	<u>3,170</u>

## 11 Pensions (continued)

### Changes in present value of defined benefit obligation:

	2015 £'000	2014 £'000
Opening defined benefit obligation	(76,329)	(80,093)
Current service cost	(2,144)	(2,291)
Interest cost	(3,547)	(3,550)
Contribution by members	(818)	(728)
Curtailment loss	(10)	-
Past service gain	-	(98)
Benefits paid	1,417	1,826
Actuarial (loss)/gain	(17,252)	8,605
	<u>(98,683)</u>	<u>(76,329)</u>
Closing defined benefit obligation		

### Changes in the present value of assets:

	2015 £'000	2014 £'000
Opening assets	58,225	53,169
Expected return on plan assets	3,025	2,671
Contributions by the employer	2,104	1,879
Contribution by members	818	728
Benefits paid	(1,417)	(1,826)
Actuarial gain	3,790	1,604
	<u>66,545</u>	<u>58,225</u>
Closing assets		

### Major categories of plan assets as a percentage of total plan assets:

	2015	2014
Equities	52.0%	53.9%
Bonds	25.5%	23.8%
Property	4.1%	4.3%
Other	18.4%	18.0%

**Analysis of amount recognised in statement of total recognised surpluses and deficits (STRSD)**

	2015 £'000	2014 £'000
Actuarial gains /(losses)	13,462	(10,209)
	<hr/>	<hr/>
Total amounts recognised in the STRSD	13,462	(10,209)
	<hr/>	<hr/>
Cumulative actuarial losses	(3,137)	(16,599)
	<hr/>	<hr/>

**Actual return on plan assets:**

	2015 £'000	2014 £'000
Actual return on plan assets	6,814	4,174
	<hr/>	<hr/>

**Amounts for the current and previous four periods are as follows:**

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit	(98,683)	(76,329)	(80,093)	(66,768)	(61,787)
Fair value of scheme assets	66,545	58,225	53,169	45,562	43,147
Deficit on scheme	(32,138)	(18,104)	(26,924)	(21,206)	(18,640)
Experience adjustments on plan liabilities	-	4,335	-	-	3,043
Experience adjustments on plan assets	3,790	1,604	4,047	(1,550)	573



## 12 Taxation

### Group

	2015 £'000	2014 £'000
<b>United Kingdom corporation tax</b>		
Current tax on income for the year	-	-
Tax on profit on ordinary activities	-	-
	2015 £'000	2014 £'000
<b>Current tax reconciliation</b>		
Surplus on ordinary activities before taxation	15,561	17,615
Theoretical tax at UK corporation tax rate 24% (2014: 26%)	3,735	4,228
Effects of:		
- Income not taxable		
- Other short term timing differences		
- Tax free income due to charitable activities	(3,735)	(4,228)
Actual current taxation charge	-	-

There are no unrelieved tax losses carried forward (2014: £Nil) available to reduce the tax liability in respect of future surpluses.

### 13 Tangible fixed assets - properties

#### Housing Properties - Group

	Housing properties completed	Housing properties under development	Shared ownership properties completed	Shared ownership properties under development	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2014	354,355	23,431	3,202	5	380,993
Improvements to existing properties	7,594	-	-	-	7,594
Properties acquired	2,653	87,527	-	1,271	91,451
Schemes completed	82,350	(82,350)	1,385	(1,385)	-
Change of tenure	(722)	(93)	722	93	-
Transfer to assets held for sale	34	-	(306)	-	(272)
Disposals	(6,915)	-	(433)	-	(7,348)
At 31 March 2015	<u>439,349</u>	<u>28,515</u>	<u>4,570</u>	<u>(16)</u>	<u>472,418</u>
<b>Depreciation and impairment</b>					
At 1 April 2014	49,608	-	392	-	50,000
Impairment	352	-	-	-	352
Charged in year	8,007	-	57	-	8,064
Change of tenure	(13)	-	13	-	-
Transfer to assets held for sale	(4)	-	-	-	(4)
Released on disposal	(1,746)	-	-	-	(1,746)
At 31 March 2015	<u>56,204</u>	<u>-</u>	<u>462</u>	<u>-</u>	<u>56,666</u>
<b>Net book value</b>					
At 31 March 2014	<u>304,747</u>	<u>23,431</u>	<u>2,810</u>	<u>5</u>	<u>330,993</u>
At 31 March 2015	<u>383,145</u>	<u>28,515</u>	<u>4,108</u>	<u>(16)</u>	<u>415,752</u>
<b>Social housing grant</b>					
At 1 April 2014	27,400	3,570	-	-	30,970
Additions	1,066	22,528	-	-	23,594
Schemes completed	14,861	(14,861)	-	-	-
Change of tenure	(25)	-	25	-	-
Transfer to recycled capital grant	(58)	-	(25)	-	(83)
At 31 March 2015	<u>43,244</u>	<u>11,237</u>	<u>-</u>	<u>-</u>	<u>54,481</u>
<b>Other grants</b>					
At 1 April 2014	5,214	200	-	-	5,414
Additions	98	821	-	-	919
Schemes completed	806	(806)	-	-	-
At 31 March 2015	<u>6,118</u>	<u>215</u>	<u>-</u>	<u>-</u>	<u>6,333</u>

### 13 Tangible fixed assets – properties (continued)

#### Expenditure on works to existing properties

	2015 £'000	2014 £'000
Amounts capitalised – component replacement	7,594	9,007
Amounts charged to income and expenditure account	5,153	6,181
Total	<u>12,747</u>	<u>15,188</u>

#### Social housing grant

	2015 £'000	2014 £'000
Total accumulated SHG receivable at 31 March was:		
Capital grants	<u>54,481</u>	<u>30,970</u>
	<u>54,481</u>	<u>30,970</u>

Housing properties book value, net of depreciation and grants, and offices net book value (note 14) comprises:

	2015 £'000	2014 £'000
Freehold land and buildings	<u>359,888</u>	<u>299,625</u>
	<u>359,888</u>	<u>299,625</u>

#### Valuation

Whilst housing properties are stated at historic cost, the group obtained a full valuation of properties held by The Wrekin Housing Trust Limited during the year in relation to loan debt coverage. This valuation was carried out by independent professional valuers Savills (L&P) Limited, Chartered Surveyors and provided an Existing Use Value for Social Housing (EUV-SH) for those properties of £440,000,000 including notional directly attributable acquisition costs, as at 31 March 2015. The valuation of the properties was undertaken in accordance with the Appraisal & Valuation Manual of the Royal Institution of Chartered Surveyors.



# 14 Tangible fixed assets - other

## Group

	Freehold buildings and land £'000	Sheltered scheme furniture, fixtures and fittings £'000	Computers and office equipment and furniture £'000	Plant and machinery and vehicles £'000	Total £'000
<b>Cost</b>					
At 1 April 2014	9,344	1,435	4,653	619	16,051
Additions	243	75	439	63	820
Disposals	(75)	(58)	-	(246)	(379)
At 31 March 2015	<u>9,512</u>	<u>1,452</u>	<u>5,092</u>	<u>436</u>	<u>16,492</u>
<b>Depreciation and impairment</b>					
At 1 April 2014	4,328	1,356	4,290	404	10,378
Depreciation charged in year	281	61	311	71	724
Released on disposal	(47)	(58)	-	(181)	(286)
At 31 March 2015	<u>4,562</u>	<u>1,359</u>	<u>4,601</u>	<u>294</u>	<u>10,816</u>
<b>Other grants received</b>	-	4	-	-	4
<b>Net book value</b>					
At 31 March 2014	<u>5,016</u>	<u>79</u>	<u>363</u>	<u>215</u>	<u>5,673</u>
At 31 March 2015	<u>4,950</u>	<u>89</u>	<u>491</u>	<u>142</u>	<u>5,672</u>

The net book value of other tangible fixed assets includes £8,769 (2014: £13,344) in respect of assets under finance leases. Depreciation charged in the year on those assets amounted to £4,575 (2014: £5,575).

## 15 Investment in subsidiaries

As required by statute, the financial statements consolidate the results of The Wrekin Housing Group Limited with those of The Wrekin Housing Trust Limited, Choices Housing Association Limited, Old Park Services Limited, WHT (Subsidiary) Limited, Shropshire Housing Alliance, South Shropshire Furniture Scheme, Reviive CIC and Strata Housing Services Limited.

The Wrekin Housing Trust Limited's principal activity is that of a social landlord. It is a company limited by guarantee without share capital and The Wrekin Housing Group Limited is the parent member with special voting rights in certain circumstances.

Choices Housing Association Limited's principal activity is that of a social landlord and provider of care and support services. The Wrekin Housing Group Limited is the parent company.

Old Park Services Limited's principal activity is the provision of housing and property related services and associated software to other social landlords. The parent company is The Wrekin Housing Trust Limited (which holds the entire issued share capital).

WHT Subsidiary Limited did not trade during the year. The Wrekin Housing Group Limited holds the entire issued share capital in the company.

Shropshire Housing Alliance is a company limited by guarantee and a registered charity. Its principal activities are the provision of housing support and advice services. The Wrekin Housing Group Limited is the parent company.

South Shropshire Furniture Scheme is a company limited by guarantee and a registered charity. The company's principal activities are the operation of a furniture recycling service, the provision of advice to social enterprises and the provision of training and volunteering opportunities to unemployed people. The Wrekin Housing Group Limited is the parent company.

Reviive CIC is a community interest company, jointly owned by Shropshire Housing Alliance and South Shropshire Furniture Scheme. Its principal activity is that of a retail outlet for re-used and recycled household goods and the promotion of re-use as an alternative to disposal of household goods and waste.

Strata Housing Services Limited's principal activity is the provision of development services to its parent company, The Wrekin Housing Trust Limited (which holds the entire issued share capital).

## 16 Properties for sale

Group	2015 £'000	2014 £'000
Properties held for outright sale	2,320	2,283
	<u>2,320</u>	<u>2,283</u>

## 17 Debtors

### Group

	2015 £'000	2014 £'000
<b>Due within one year</b>		
Rent and service charges receivable	989	810
Less: provision for bad and doubtful debts	(690)	(485)
	<u>299</u>	<u>325</u>
Garage rents receivable	34	21
Leaseholder charges receivable	52	44
Court costs and rechargeable repairs receivable	266	254
Prepayments and accrued income	2,908	1,769
Other capital grant received	1,809	595
Other debtors	263	283
Other taxation and social security	1,908	12
Trade debtors	744	681
Less: provision for bad and doubtful debts	(286)	(279)
	<u>7,698</u>	<u>3,380</u>
	<u><u>7,997</u></u>	<u><u>3,705</u></u>

### Company

	2015 £'000	2014 £'000
<b>Due within one year</b>		
Amount owed by subsidiary companies	<u>320</u>	<u>257</u>



**18 Creditors: Amounts falling due within one year**

**Group**

	2015 £'000	2014 £'000
Bank loans	55	35
Trade creditors	7,763	2,404
Rent and service charges received in advance	938	797
Other taxation and social security	3,168	791
Pension	212	212
Accruals and deferred income	3,246	5,815
Social housing grant received in advance	1,768	-
Other creditors	219	297
Disposal Proceeds Fund	719	359
Finance leases	4	4
	<u>18,092</u>	<u>10,714</u>

**Company**

	2015 £'000	2014 £'000
Amount owed to subsidiary company	<u>364</u>	<u>304</u>

**19 Creditors: Amounts falling due after more than one year**

**Group**

	2015 £'000	2014 £'000
Bank loans	260,961	223,193
Finance leases	7	11
Accruals and deferred income	704	742
Recycled capital grant fund	134	-
Disposal proceeds fund (note 20)	1,246	833
	<u>263,052</u>	<u>224,779</u>

## 20 Disposals proceeds fund

### Group

	2015 £'000	2014 £'000
At 1 April	1,192	719
Net sale proceeds recycled	765	470
Interest accrued	8	3
	<hr/>	<hr/>
Balance at 31 March	<u>1,965</u>	<u>1,192</u>

	2015 £'000	2014 £'000
The above balance is disclosed as follows:		
Amount due within one year	719	359
Amounts due after more than one year	<u>1,246</u>	<u>833</u>
	<u>1,965</u>	<u>1,192</u>

The fund is used to purchase social housing properties in accordance with permitted uses of the fund. No further expenditure has yet been committed with the approval of the Homes & Communities Agency.

## 21 Debt analysis

### Group

	2015 £'000	2014 £'000
<b>Due within one year</b>		
Bank loans	55	35
Finance leases	<u>4</u>	<u>4</u>
	<u>59</u>	<u>39</u>
<b>Due between one and five years</b>		
Bank loans	35	56
Finance leases	<u>7</u>	<u>11</u>
	<u>42</u>	<u>67</u>
<b>Due after more than five years</b>		
Bank loans	<u>260,926</u>	<u>223,137</u>
<b>Total debt</b>	<u>261,027</u>	<u>223,243</u>

## 21 Debt analysis (continued)

The bank loans are secured by fixed charges on individual properties and by a floating charge over the assets of The Wrekin Housing Trust Limited.

The interest rate in relation to £225m of debt is fixed for periods of between 7 and 25 years. The average rate of interest for all loans including margins at 31 March is 4.87%. The group has a total loan facility in the Trust of £307 million.

## 22 Reserves

### Group

	Revenue Reserves £'000	Restricted Reserves £'000	Total Reserves £'000
At 1 April 2014	61,794	846	62,640
Surplus for the year	15,561	-	15,561
Actuarial loss relating to pension scheme	(13,462)	-	(13,462)
At 31 March 2015	63,893	846	64,739

At 31 March 2015, the revenue reserve included £32,138,000 in respect of the defined benefit pension liability (2014: £18,104,000).

Restricted reserves relate to the agreement with the former English Partnerships that The Wrekin Housing Trust Ltd retains all receipts from the sale of housing assets on the Woodside estate for reinvestment in the regeneration of the estate.

### Company

	Revenue Reserves £'000
At 1 April 2014	(47)
Surplus for the year	3
At 31 March 2015	(44)



## 23 Financial commitments

Group	2015 £'000	2014 £'000
<b>Capital expenditure</b>		
Expenditure contracted for but not provided in the accounts	96,710	31,632
Expenditure authorised by the board but not contracted for	115,833	129,171
	<u>212,543</u>	<u>160,803</u>

The commitments will be financed through a combination of borrowings, which are available for draw-down under existing loan arrangements, social housing grant, expected shared ownership sales proceeds, property sales under the Wrekin Housing Trust Limited's Asset Renewal Strategy and cash generated from operating activities.

### Operating leases

The payments which the group is committed to make in the next year under operating leases are as follows:

	2015 £'000	2014 £'000
(i) Motor vehicles leases expiring		
Within one year	102	161
One to five years	708	675
(i i) Office Building leases expiring		
Within one year	-	13
One to five years	213	206
	<u>1,023</u>	<u>1,055</u>

### Company

The company had no financial commitments at 31 March 2015 (2014: £nil).

**24 Reconciliation of operating surplus to net cash inflow from operating activities**

	2015 £'000	2014 £'000
Operating surplus	19,308	20,622
Depreciation of tangible fixed assets	8,191	7,505
Impairment of tangible fixed assets	352	116
Amortisation of loan issue costs	-	82
Pensions operating charge	2,154	2,389
Pensions contributions paid	(2,104)	(1,879)
	<u>27,901</u>	<u>28,835</u>
<b>Working capital movements</b>		
Decrease /(increase) in stock	4	(39)
Decrease in properties for sale	235	177
Increase in debtors	(3,519)	(202)
Increase in creditors	6,207	758
	<u>30,828</u>	<u>29,529</u>
<b>Net cash inflow from operating activities</b>		

**25 Reconciliation of net cash flow to movement in net debt**

	2015 £'000	2014 £'000
(Decrease)/Increase in cash	(1,797)	621
Cash inflow from decrease in liquid resources	(1,072)	(1,754)
Cash inflow from increase in debt and lease finance	(35,878)	(20,038)
	<u>(38,747)</u>	<u>(21,171)</u>
<b>Increase in net debt from cash flows</b>		
Debt taken on at acquisition of subsidiaries	-	(52)
Net debt at 1 April	(215,487)	(194,264)
	<u>(254,234)</u>	<u>(215,487)</u>
<b>Net debt at 31 March</b>		

## 26 Analysis of debt

	31 March 2014 £'000	Cash flow £'000	31 March 2015 £'000
Cash at bank and in hand	5,505	(1,797)	3,708
Current asset investments	4,098	(1,072)	3,026
Loans (change in debt)	<u>(225,090)</u>	<u>(35,878)</u>	<u>(260,968)</u>
<b>Changes in net debt</b>	<u><u>(215,487)</u></u>	<u><u>(38,747)</u></u>	<u><u>(254,234)</u></u>

## 27 Financial assets and liabilities

At the balance sheet date, the interest rate profile of the Group's financial liabilities was:

	2015 £'000	2014 £'000
Floating rate	36,501	25,001
Fixed rate	<u>224,467</u>	<u>200,089</u>
Total	<u><u>260,968</u></u>	<u><u>225,090</u></u>

The debt maturity profile is shown in note 21.

The sterling fixed rate financial liabilities have a weighted average interest rate of 4.87% (2014: 4.91%) and the weighted average period for which it is fixed is 20 years (2014: 22 years).

## 28 Contingent liabilities

The Group had no contingent liabilities at 31 March 2015 (2014: £nil).



## **29 Related party transactions**

The company has taken advantage of the exemption available under Financial Reporting Standard 8 ('FRS 8') not to disclose transactions with the other members of the Wrekin Housing Group.

There are no other related party transactions to disclose.

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