COMPANY NO : 3842589

CHESTER & DISTRICT HOUSING TRUST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2012

CONTENTS

BOARD DIRECTORS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board

Chair	Rob Thompson (Council)
Other Directors	
Tenant / Leaseholder	Patrick Scanlan John Rose (resigned December 2011) Pat Vincent (appointed November 2011 & resigned September 2012)
Independent	William Hogg Jackie Grannell Kate Reeves (retired September 2011) Jane Stephens Lindsay McAllister (appointed September 2011)
Council	Ann Wright (appointed September 2011 & resigned Februay 2012) Alex Tate Eleanor Johnson (retired September 2011) Vacancy
Co-opted	Roger Latham (appointed September 2011) Michelle Hallmark (resigned February 2012)

Executive directors & managers up to 30 November 2011

Chief Executive	John Denny
Company Secretary And Deputy Chief Executive	Su Bramley
Director of Finance & New Business	Andrew O Williams
Director of Neighbourhoods & Regeneration	Vacant
Director of Property Services	Phillip Jones
Assistant Director of Performance & Income	Paul Knight
Assistant Director of Information Services	Paul Skelland
Assistant Director of Asset Management & Development	David Soothill
Assistant Director of Customer & Housing Access	David Shaw
Assistant Director of Housing	Julia Nundy
Assistant Director of Telehealth Care	Fran Taberner (resigned July 2011)
Assistant Director of Core Services	David Wrigley
Assistant Director of Human Resources	Julie Windass
Assistant Director of Major Works and New Business	Paul Finch
Trust Solicitor	Paul Burton

CDHT Executive directors & managers from 1 December 2011

Managing Director - CDHT	Andrew O Williams
Director - TrustWorks	Phillip Jones
Regional Director - Development & Asset Management	David Soothill
Assistant Director - Housing & Neighbourhoods	Julia Nundy
Assistant Director - Property Services	Paul Finch
Head of Customer Services & ChesterCare	Helen Hughes
Head of Income & Financial Inclusion	Lin Whalley
Head of Opportunity & Works Programmes	David Wrigley
Head of Integrated Services - Avenue Services	Sharon Morris
Head of Asset & Investment	Alec Gaston

Supported by Cosmopolitan Group directors & managers from 1 December 2011

Group Chief Executive	John Denny
Company Secretary and Group Director Corporate Services & Governance	Su Bramley
Group Director - Finance	Kevin Martin
Group Director - Business Systems	Paul Knight
Group Head of Human Resources & Organisational Development	Julie Windass
Group Director - Integration	David Shaw
Group Solicitor	Paul Burton

Registered office	Centurion House 77 Northgate Street Chester CH1 2HQ
Auditors	KPMG LLP St James' Square Manchester M2 6DS
Principal solicitors	Trowers & Hamlin Sceptre Court London EC3N 4DX
Principal bankers	Lloyds TSB 8 Foregate Street Chester CH1 1XP

Registered as a non-charitable social landlord with Companies House No 3842589

Registered by the Tenant Services Authority (previously the Housing Corporation) No LH4291

REPORT OF THE BOARD

The Board presents its report and audited financial statements for the year ended 31 March 2012

Operating and Financial Review

An Operating and Financial Review (OFR) as required by the Statement of Recommended Practice (SORP) for Registered Social Landlords (Updated 2010) can be found on pages 4 to 7 of the Annual Report and Financial Statements The OFR sets out an analysis of the social landlord's operations in order to provide stakeholders with historical and prospective analysis "through the eyes of the board" It includes discussion and interpretation of the performance of the Group, the structure of its financing and the environment in which it operates

Internal Controls Assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness This responsibility applies to both companies within the Group
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 In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within day to day management and governance processes This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with the principles outlined in the Homes and Communities Agency (previously the Tenant Services Authority) Circular 07/07 Internal Controls Assurance which has now been withdrawn

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 2011 up to the date of approval of the annual report and financial statements The Board receives and considers reports on risk management and control arrangements during the year

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 the Chief Executive is responsible for reporting to the Board any significant matters affecting key or emerging risks

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 Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of executive directors and senior staff, performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection

Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years that are reviewed, approved by and monitored throughout the year by the Board 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 who provide independent assurance to the Board, via its Audit and Risk Committee The arrangements include a rigorous procedure, monitored by the Audit and Risk Committee, for ensuring that corrective action is taken in relation to any significant control issues

REPORT OF THE BOARD (CONTINUED)

Fraud and Code of Conduct

The Board's approach is to minimise risk through a suitable system of controls such that the residual risk after any mitigating actions can be borne without serious damage to the Group The principles adopted and the processes used to manage risk are set out in a Risk Management Strategy, which includes details of the assurances adopted and was reviewed and updated by the Board during the year

The Trust complies with the Tenant Services Authority requirement on Fraud and Code of Conduct although authority for this area is now the responsibility of the Homes and Communities Agency A 'Whistleblowing and Anti-fraud' policy and Code of Conduct procedures have been developed and registers are maintained The registers identify any attempted or actual frauds and any breaches in the year There have been 4 entries of attempted fraud in the financial year 2011/12 None of these resulted in any actual financial loss to the Trust

Disclosure of information to auditors

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

Statement of directors' responsibilities in respect of the Directors' Report and financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Trust and of the surplus or deficit for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,

- make judgements and estimates that are reasonable and prudent,

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements, and

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Trust and to prevent and detect fraud and other irregularities

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

The report of the Board was approved by the Board on 26 September 2012 and signed on its behalf by

Su Bramley

Su Bramley
Company Secretary

OPERATING AND FINANCIAL REVIEW

Activities

Chester & District Housing Trust Limited ('the Trust') is a Registered Social Landlord providing housing accommodation at affordable rents to those in housing need and housing through low-cost home ownership schemes The Trust was formed in November 2000 as a Large Scale Voluntary Transfer (LSVT) to receive 6,920 units of accommodation from Chester City Council

The Group comprises of two organisations, Chester & District Housing Trust Limited (the parent) and a wholly owned subsidiary, CDHT (Property Holdings) Limited The subsidiary is a commercial property owning and management company In December 2011 the Trust joined the wider Cosmopolitan Housing Group as a subsidiary (see below)

The Trust is registered with and regulated by the Homes and Communities Agency (previously the Tenant Services Authority) The Trust is assessed against the Tenant Services Authority's Regulatory Code although this area of responsibility has now transferred to the Homes and Communities Agency The assessment is carried out against four main criteria governance, viability, management and development A "traffic light" system is used to demonstrate compliance and the Trust received four green lights in the latest assessment that was undertaken by the Housing Corporation in May 2007 The Homes and Communities Agency has yet to undertake a regulatory review and provide a regulatory judgement of the Trust A viability review was completed for Cosmopolitan Housing Group by the Tenant Services Authority in December 2011 meeting the expectations set out in the governance and viability standard of the Regulatory Framework in relation to financial viability The Trust is governed by a Board comprising of 10 directors and the chief executive (co-opted) There is also the provision to co-opt other directors as required Other senior staff attend board meetings when required

The Trust's vision and mission is to "create opportunity by doing the right things" The Trust will deliver this through its Corporate Plan which identifies four key commitments and principles People, Places, Partnerships and Performance The commitments are supported through an agreed set of behaviours and a number of key strategies The key behaviours are we listen, we take responsibility, we challenge, we support and we share The key strategies are Value for Money, Equality & Diversity, Performance Management, Growth & Regeneration, Asset Management, Customer Service, Treasury, Risk Management, Information Systems, Procurement and Human Resources

The Trust is managed by the Executive Management Team who are listed on page 1 Management and the Board use a Performance Management Framework to monitor the achievement of objectives This includes service improvement plans, individual work plans, key performance indicators, targets and personal development reviews Performance against a selection of key indicators is included on page 5 under "Performance in the period"

In December 2011, following extensive negotiations, due diligence and approval by the Boards and the Tenant Services Authority, the Trust voted to join the wider Cosmopolitan Housing Group as a subsidiary It is now one of 4 subsidiaries within a Group Structure The Trust's Chief Executive, John Denny, has been appointed Group Chief Executive The Group management team comprises colleagues from both the Trust and the original Cosmopolitan Housing Group

The Trust has adopted, and is pleased to report that it complies with the principal recommendations of the National Housing Federation (NHF) Code of Governance The key governance issues during the last few years are - the reduction in the size of the board, the continued work of the Governance Improvement Panel, an independent Governance Review and the formation of a Residents' Board

Operating Review

The Trust operates solely in the District of Chester, which is in the County of Cheshire, England The Trust currently owns and manages 6,298 units of stock The housing stock has reduced substantially since transfer mainly due to tenants exercising their preserved right to buy There have also been some stock losses due to demolitions to make way for new-build properties The Trust has development plans in place for 559 new units of affordable accommodation to be built between April 2012 and March 2015 This includes 277 units of affordable rented properties that are part funded by grant from the Homes and Communities Agency Demand for affordable accommodation in the Cheshire West and Chester area is extremely high with over 19,000 applicants waiting on the housing registers

The Trust was successful in meeting all of the promises it made to tenants at transfer and commenced Rent Restructuring in April 2006 Concerns raised about the stock condition survey have been addressed and revised requirements were determined and programmed into the 2007 business plan Updating of stock condition data over the last few years and an independent stock condition survey validation in January 2010 have confirmed that the revised assumptions are reasonable and that there are sufficient funds provided for improvements within the business plan The Trust met the Decent Homes Standard in September 2010 The latest stock condition survey indicates that we only had 182 (2011 26) 'non-decent' properties as at 31 March 2012 The main reason for the "non-decent" properties as at 31 March 2012 is tenant refusals The business plan provides for more than sufficient funds to meet stock condition requirements and all funds required to make 'non-decent' properties comply with the Decent Homes Standard are included in Year 1 of the plan

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Performance in the Period

The Group made a surplus for the year of £0 9m (2011 £0 8m deficit) compared to planned deficit of £0 4m (2011 £3 3m deficit) We will continue to make planned deficits until 2013/14 and then commence repayment of the loan facility (see Capital Structure and Treasury Policy on page 7) The Table below summarises the overall results for the Group

Financial Performance (Group)	2011/12 £m	2010/11 £m	2009/10 £m	2008/09 £m
Turnover	26 5	24 9	24 9	23 4
Operating Costs	(20 2)	(22 0)	(19 8)	(19 8)
Exceptional Item - FRS17 change in benefits	0 0	3 3	0 0	0 0
Operating Surplus	6 3	6 2	5 1	3 6
Net Interest Charges	(5 5)	(5 5)	(5 6)	(5 3)
Surplus on sale of assets	0 1	0 1	0 2	0 1
Surplus / (Deficit) for the year	0 9	0 8	(0 3)	(1 6)

Other Performance Indicators	2011/12	2010/11	2009/10	2008/09
Rent Collected	99 7%	99 5%	99 9%	99 6%
Voids	0 9%	0 9%	1 2%	1 3%
Average Re-let times (days)	34	34	41	43
Emergency Repairs completed on time	99 8%	97 3%	94 3%	98 2%
Urgent Repairs completed on time	99 3%	97 2%	97 7%	97 5%
Routine Repairs completed on time	97 9%	92 3%	92 2%	95 5%
General Needs & Older Persons Units as at 31 March	6,196	6,108	6,096	6,086
Non-Decent Homes	182	26	167	321
Kitchen Replacements	318	415	452	426
Bathroom Replacements	309	368	423	419
Heating System Replacements	340	150	228	136
Operating Cost per unit in Management per week Group	£56 48	£62 15	£52 82	£52 93
Operating Cost per unit in Management per week Trust	£58 04	£63 74	£54 46	£54 60

The Trust more than achieved its budgeted turnover and surplus for the year Management Costs were extremely well managed and income budgets were achieved or exceeded There was however some adverse variances within repairs & maintenance and planned slippage into the 2012/13 financial year on improvements works which has contributed to the significant over-achievement of the outturn position Efficiency savings on management and financing costs were re-invested into service improvement plans for 2012/13 e g bringing forward further improvement works on central heating system replacements A Residents Board fund of £300k per annum has been created from April 2012

Dynamics of the organisation

The Trust is affected by a number of external factors including

Rent Restructuring - this restricts our ability to increase the rents we charge and therefore our future income levels There is a considerable difference between our current rents and target rents and it will take many years for all properties to converge due to the legislative restrictions on the annual increases Good progress is being made and tenancy turnover will continue to assist with earlier convergence

Decent Homes Standard (DHS) - the Trust had to comply with the DHS by December 2010 We met the standard by September 2010 but since then a number of properties have become 'non-decent' due to the age of components We only have 2 9% of our stock that is currently deemed non-decent The current main reason for not being able to achieve decency is tenant refusals There are funds within the business plan to ensure these properties can be made decent when the opportunity arises

Legislation & Regulation - the Trust operates in a heavily regulated environment As a consequence there are requirements that we have to adhere to and restrictions on our business activities This means we have to allocate and expend resources to meet these requirements

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Loan Covenants - the Trust has a £154m facility with Lloyds Banking Group (Halifax Bank of Scotland) and has borrowed £108 2m to date In March 2012 the facility was increased by £25m from £129m These additional funds will be used for new developments and refurbishment of the high rise blocks in Chester city centre In order to draw-down the remaining funds the Trust must comply with key covenants and in particular have sufficient security We obtain independent valuations of our stock on an annual basis The latest existing use social value (EUV-SH) valuation of 5,872 units of secured stock as at 31 March 2012 of £163 5m will support borrowing of £148 6m We also have 393 units of completed stock with an estimated existing use social housing value of £14 9m that are unsecured and would provide enough security for peak debt requirements We also have a further 49 units that are currently in the process of construction that will also be available for security, if required We have met all required covenants as at 31 March 2012

Employment Market - in order to deliver excellent services the Trust needs to recruit and retain excellent staff There is significant competition for staff in the sector and in the Chester area The difficulty in attracting key staff can affect performance

Pension Provision – the Trust operates two final salary pension schemes The costs of participation and deficits in these schemes has increased significantly since transfer We commissioned a pensions review to advise management and the Board of their options and the final report was presented to the Board in early 2011 The recommendations in the report will now be considered with regards to decisions made about future LGPS provision following the Hutton Review Report and as part of wider review of pensions provision as part of the wider Cosmopolitan Housing Group A defined contribution scheme will however be introduced in preparation for auto-enrolment in January 2014

Construction Market - the Trust needs quality partners to help it deliver its services to tenants and in particular well managed and high-performing maintenance and construction companies It can be challenging to secure good and viable partners, particularly due to the impact of the credit crunch on the construction industry

Housing Demand - there are increasing pressures for affordable housing in Chester as house prices are particularly high and prevent many residents owning their home There is also competition from other Registered Providers and private landlords Demand for our products is extremely high and there are over 19,000 people on the waiting lists Choice Based Lettings was introduced in 2006 and we are now operating this successfully across the whole of the Cheshire West & Chester local authority area

Housing Market - the Trust has responded well to the credit crunch and the adverse effects that this has had on the housing market We were not over exposed to the reliance of receipts from sales of properties to fund development and maintenance programmes and had reduced sales assumptions within the 2009 and 2010 businesses plans We have also reduced the assumptions for future right to buy sales to 5 per annum As at the 31 March 2012 we only had 15 unsold shared ownership properties, three have since been reserved for sale and 12 will be converted to rent in 2012 We will receive a further 23 shared ownership units and 8 outright sales units over the next 18 months

Impairment - the Trust has undertaken an impairment review in accordance with FRS11 There is no impairment for 2011/12 The Trust does not have any land banks and there are therefore no impairments on land holdings

Inflation - high inflation whilst leading to higher rental income affects affordability for tenants and also leads to increased pressure on maintenance budgets and demands for higher pay awards from staff and unions We have further increased our provision of financial inclusion and benefit advice support to tenants following the high rental increases in April 2012

Government housing policies - The Trust has reviewed the potential impacts of the Welfare Reform Act, which will be introduced from 2013 We have an Action Plan in place to address changes relating to Welfare Reform and specifically the Universal Credit and Bedroom tax We have profiling information on the vast majority of our residents and are targeting those most likely to be adversely affected We have employed additional Welfare benefits advisors to support residents and refocused our Income recovery team Our bad debt provisions in the business plan continues to be prudent and we have good rent collection performance and results We will review working practices and bad debt provisions in the future where appropriate

Investment for the future

The Trust is continually looking to improve its services to tenants Our STATUS survey in August 2008 showed an overall satisfaction rating of 86% The STATUS Survey has now been replaced by the STAR survey which we are looking at undertaking during 2012 after consultation with residents During the year we have continued to collect important data on over 100% (2010 99 5%) of our tenants in order to understand their diverse needs and assist with shaping future service delivery We have also expanded our "menu of opportunities" for resident involvement, developed 6 local panels and in conjunction with Peabody Housing and grant funding from the Big Lottery we are making significant improvements in youth engagement and have provided five community trainee placements for young people We also formed a Residents' Board that from 1 April 2010 took over some of the functions of the main board including the Repairs & Maintenance service

The Trust continues to invest significant sums into improving its housing stock Details of some of the improvements undertaken over the last four years are included in the 'other performance indicators' on page 5 Over the next 5 years we are planning to spend £29 6m on improvements including £4 4m on Kitchens, £5 5m on bathrooms, £7 6m on heating systems, £2 5m on aids and adaptations, £1 9m on door replacements and £5 6m on the high rise blocks

OPERATING AND FINANCIAL REVIEW (CONTINUED)

The Trust is committed to addressing housing need The proposed development programme expenditure over the period April 2012 to March 2015 is £62 4m This will be funded through National Affordable Housing Programme (NAHP) Grant of £4 6m, shared ownership sales and land receipts of £13 0m, other grants of £4 3m and borrowing of £40 5m This programme will deliver 559 units, and following demolition of 38 units and outright sale of 37units, will add a net 484 units of stock

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

The Trust achieved Investors in People in July 2003 and retained this on re-inspection in both 2006 and 2009 We do not under-estimate the importance of our employees in the delivery of services to our customers and a significant budget is made available for training and development The Trust offers the choice of two final salary pension schemes to all colleagues We also have monthly team briefings delivered by the Chief Executive, regular team meetings, an annual staff conference and a forum for discussing issues relevant to employees with directors, executive managers, unions and staff representatives We are committed to equal opportunities and diversity and support the employment of disabled people, both in terms of recruitment and in the retention of employees who become disabled whilst in employment We have also adopted the Code of Practice on Race Equality and actively encourage applicants for employment from under-represented groups In 2010 we achieved the "Investors in Diversity" standard and will be re-assessed in 2012 We were accredited as Number 27 (2010 47) in the Sunday Times Top 100 best companies to work for 2011

The TrustWorks and ChesterCare teams achieved the International Standard ISO 9001 during 2011 Attaining this accreditation ensures that all our repairs, maintenance and telecare services are of a high standard, they are responsive and meet our customer's expectations, they must also comply with all relevant regulations and legislation During 2012/13 we will look at gaining the 14001 environmental management standard accreditation and 18001 Occupational Health and Safety accreditation

During the year the Trust gained the Customer Service Excellence accreditation (CSE, previously the Charter Mark) This is designed to operate on three distinct levels, as a driver of continuous improvement, a skills development tool and an independent validation of achievement The Trust was fully compliant with all 54 different sets of criterion, and were also awarded an accreditation plus for putting the customers at the heart of what we do During July 2012 we were successfully reassessed and maintained full compliance on all levels are achieve 3 further accreditation plus marks Whilst we had no development areas we will be reviewed annually and strive to improve and achieve more plus accreditations

Financial Review
The principle accounting policies of the Group are set out on pages 15 to 16 of the financial statements These policies have remained unchanged in the year

Capital Structure and Treasury Policy
The Group has a formal Annual Financial Strategy and Treasury Management Policy which are approved by the Board The policy seeks to address funding, liquidity and covenant compliance The Group borrows at both fixed and variable rates but has no specific limits on the ratio of fixed to variable loans At the end of the year 84 7% (2011 88%) of the Group's borrowings were at fixed rates The Group uses the services of EC Harris LLP to assist with its treasury management activity and the provision of appropriate training for Board and management We have an agreed £0 5m overdraft facility with our bankers Lloyds TSB The Group has a loan facility of £154m, increased by £25m, with Lloyds Banking Group and Nationwide To date we have drawn down £108 2m (2011 £104 3m) and plan to draw-down a further £27 5m in the 2012/13 financial year to fund housing development schemes and major works Details of the loans and repayment periods are included in note 23 of the accounts (page 30)

As a condition of the increased loan facility the Trust had to implement a hedging strategy to ensure a maximum of 30% of loans are variable (at any one time) throughout the overall length of the Business Plan The required hedging to facilitate this requirement was put in place during June 2012 where a number of forward fixed rate trades were put in place

We have a loan facility in place that more than covers our requirements and have received approval of our 2012 plan We therefore anticipate no problems in accessing funds to enable us to meet our commitments e g development programme Loan covenants are based on operating cashflows and loan security and were met throughout the year and at the year-end

Cashflows
The cash flow statement (page 14) shows that during the year the Group generated net cash from operating activities of £8 9m (2011 £2 9m restated) and made net interest payments of £5 6m (2011 £5 3m) The Group received finance in the year of £4 0m (2011 £4 5m)

The Group policy is not to hold significant cash balances but to ensure that loan facilities are in place to fund future requirements Short term balances are not generally deposited overnight as they earn interest at competitive rates within the Group's bank accounts Larger amounts of cash can be deposited in facilities we have with Lloyds Banking Group

Going Concern & Post Balance Sheet Events

After making enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason the going concern basis has continued to be used in preparing the financial statements We consider that there are no events since the financial year end that have had an important effect on the financial position of the Group

Following the successful merger, Cosmopolitan Housing Group Board (the parent company) is undertaking a strategic review looking at the priorities and direction of the Group, including the Trust, in the context of being six months into the merger, responding to the economic climate and in order to make a proactive reaction to challenges facing the sector The results of this review will be available in October 2012 and will drive a new vision and mission for the Group and its subsidiaries including the Trust

In July 2012 the Trust Board agreed to the purchase of some existing unsecured stock from Cosmopolitan Housing Association Due diligence is in progress and we anticipate completion of these transfers will occur in early 2013 These purchases are funded within existing business plan provision and have not been reflected within the reported financial statements

Annual General Meeting (AGM)
The AGM date is to be arranged and will be held at Centurion House, 77 Northgate Street, Chester, CH1 2HQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHESTER & DISTRICT HOUSING TRUST LIMITED

We have audited the financial statements of Chester & District Housing Trust Limited ("the Group and Parent") for the year ended 31 March 2012 set out on pages 9 to 32 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Group's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditors' 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 Group and the Group's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the 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 APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of affairs of the Group and Parent as at 31 March 2012 and of the Groups' surplus for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

HP Jones (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James' Square
Manchester
M2 6DS

28 September 2012

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2012

	Note	2012 £000	2011 As restated £000
Turnover: continuing activities	3	26,559	24,923
Operating costs (restated)	3	(20,144)	(20,261)
Exceptional Item - FRS17 change in benefits*	11	-	3,259
Cost of property sales	3	(69)	(301)
Total costs (restated)		(20,213)	(17,303)
Operating surplus continuing activities (restated)	3	6,346	7,620
Surplus on sale of fixed assets - housing properties	7	64	129
Interest receivable and similar income	8	8	6
Interest payable and similar charges	9	(5 647)	(5,250)
Other finance income/(cost)	10	123	(261)
Surplus on ordinary activities before taxation (restated)		894	2,244
Tax on surplus on ordinary activities	13	-	-
Surplus for the financial year (restated)	24	894	2,244
Revenue reserve at 1 April (restated)		(18,037)	(27 459)
Actuarial (loss) / gain recognised in the pension scheme		(2,537)	7,178
Revenue reserve at 31 March (restated)		(19 680)	(18,037)

All amounts relate to continuing activities

The notes on pages 15 to 32 form part of these financial statements

Historical cost surpluses and deficits were identical to those shown in the Income and Expenditure account

The opening revenue reserve for 2011 has been restated due to the prior year adjustment relating to the adoption of component accounting This has resulted in a reduction in revenue reserve deficits by £20,926k Additional component accounting adjustments have also been made in respect of the 2011 expenditure figures

* In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in Consumer Price Index (CPI) rather than, as previously, The Retail Price Index (RPI) The Company has considered the Cheshire Pensions Funds LGPS scheme rules and associated members' literature and has concluded that this change is a change in benefits and so has recognised the resulting credit of £3,259,000 in the Income and Expenditure account

TRUST INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2012

	Note	2012 £000	2011 As restated £000
Turnover. continuing activities	3	26,556	24,919
Operating costs (restated)	3	(20,416)	(20,535)
Exceptional Item - FRS17 change in benefits*	11	-	3,259
Cost of property sales	3	(69)	(301)
Total costs (restated)		(20,485)	(17,577)
Operating surplus continuing activities (restated)	3	6,071	7,342
Surplus on sale of fixed assets - housing properties	7	64	129
Interest receivable and similar income	8	243	241
Interest payable and similar charges	9	(5,647)	(5,250)
Other finance income/(cost)	10	123	(261)
Surplus on ordinary activities before taxation (restated)		854	2,201
Tax on surplus on ordinary activities	13	-	-
Surplus for the financial year (restated)	24	854	2,201
Revenue reserve at 1 April (restated)		(18 320)	(27,699)
Actuarial (loss) / gain recognised in the pension scheme		(2,537)	7,178
Revenue reserve at 31 March (restated)		(20,003)	(18,320)

All amounts relate to continuing activities

The notes on pages 15 to 32 form part of these financial statements

Historical cost surpluses and deficits were identical to those shown in the Income and Expenditure account

The opening revenue reserve for 2011 has been restated due to the prior year adjustment relating to the adoption of component accounting This has resulted in a reduction in revenue reserve deficits by £20,926k Additional component accounting adjustments have also been made in respect of the 2011 expenditure figures

* In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in Consumer Price Index (CPI) rather than, as previously, The Retail Price Index (RPI) The Company has considered the Cheshire Pensions Funds LGPS scheme rules and associated members' literature and has concluded that this change is a change in benefits and so has recognised the resulting credit of £3,259,000 in the Income and Expenditure account

CONSOLIDATED STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS
for the year ended 31 March 2012

	2012	2011
	£000	£000
Surplus for the financial year	894	822
Actuarial (loss) / gain recognised in the pension scheme	(2,537)	7,178
Experience losses arising on scheme liabilities	-	-
Deferred tax arising on gains / (losses) in the pension scheme	-	-
Total recognised (deficit) / surplus for the year	(1,643)	8,000
Prior year adjustment	-	-
Total (deficits) / surpluses recognised since last reporting period	(1,643)	8,000

CONSOLIDATED BALANCE SHEET
as at 31 March 2012

	Note	2012 £000	2011 As restated £000
Tangible fixed assets			
Housing properties (restated)	14	102,296	97,777
SHG and other grants	14	(15,204)	(12,761)
		87,092	85,016
Other tangible fixed assets	15	7,041	7,289
		94,133	92,305
Current assets			
Stocks	18	14	14
Work In Progress Shared Ownership properties	18	-	55
Debtors - due within one year	19	2,709	2,636
Investments	20	500	500
Cash at bank and in hand		1,918	339
		5,141	3,544
Creditors amounts falling due within one year	21	(5,545)	(6,615)
Net current liabilities		(404)	(3,071)
Total assets less current liabilities		93,729	89,234
Creditors amounts falling due after more than one year	22	108,049	104,211
Pension liability	11	5,360	3,060
Provisions for liabilities and charges		113,409	107,271
Capital and reserves			
Revenue reserve restated	24		
Revenue reserve excluding pension liability (restated)		(14,320)	(14,977)
Pension liability		(5,360)	(3,060)
Revenue reserve including pension liability		(19,680)	(18,037)
Consolidated funds (non equity)		(19,680)	(18,037)
		93,729	89,234

The financial statements were approved by the Board on 26 September 2012 and signed on its behalf by

Rob Thompson
Chair of the Board

John Rose
Chair of Group Audit & Risk Committee

Su Bramley
Company Secretary

TRUST BALANCE SHEET
as at 31 March 2012

	Note	2012 £000	2011 As restated £000
Tangible fixed assets			
Housing properties (restated)	14	102,296	97,777
SHG and other grants	14	(15,204)	(12,761)
		87,092	85,016
Other tangible fixed assets	15	3,425	3,626
Fixed asset Investments			
Loans to subsidiary	16	3,872	3,872
		94,389	92,514
Current assets			
Stocks	18	14	14
Work In Progress Shared Ownership properties	18	-	55
Debtors - due within one year	19	2,877	2,795
Investments	20	-	-
Cash at bank and in hand		1,662	181
		4,553	3,045
Creditors amounts falling due within one year	21	(5,536)	(6,608)
Net current liabilities		(983)	(3,563)
Total assets less current liabilities		93,406	88,951
Creditors amounts falling due after more than one year	22	108,049	104,211
Pension liability (restated)	11	5,360	3,060
Provisions for liabilities and charges		113,409	107,271
Capital and reserves			
Revenue reserve restated	24		
Revenue reserve excluding pension liability (restated)		(14,643)	(15,260)
Pension liability		(5,360)	(3,060)
Revenue reserve including pension liability		(20,003)	(18,320)
Trust's funds (non equity)		(20,003)	(18,320)
		93,406	88,951

The financial statements were approved by the Board on 26 September 2012 and signed on its behalf by

Rob Thompson
Chair of the Board

John Rose
Chair of Group Audit & Risk Committee

Su Bramley
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2012

	Note	2012	2011
		£000	**£000**
Net cash inflow from operating activities	28	8,931	2,883
Returns on investments and servicing of finance			
Interest received		8	6
Interest paid and similar charges		(5 609)	(5,273)
		(5,601)	(5,267)
Tax paid		-	-
Capital expenditure			
Purchase and construction of housing properties		(8,418)	(10,190)
Capital grants received		2,443	3,839
Work In Progress Shared Ownership		(55)	(378)
Purchase of other fixed assets		(89)	(110)
Sale of housing properties		485	386
Sale of other fixed assets		-	-
		(5,634)	(6,453)
Management of liquid resources			
Movement on money market deposits		-	(200)
Financing			
Loans received		4,000	4,500
Loans repaid		(117)	(111)
Increase / (Decrease) in cash	29	1,579	(4,648)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2012

1 Legal status

The Trust is registered under the Companies Act 2006 and is registered with the Homes and Communities Agency (previously the Tenant Services Authority) as a housing association registered provider

2 Accounting Policies

Basis of accounting

The financial statements of the Group and Trust are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice accounting by Registered Social Landlords, update issued in May 2008, and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006

Basis of consolidation

The Group accounts consolidate the accounts of the Trust and its subsidiary CDHT (Property Holdings) Limited at 31 March 2012 using acquisition accounting

Turnover

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

Pensions

The Group participates in two funded multi-employer defined benefit schemes Pension costs are assessed in accordance with the advice of an independent qualified actuary Costs include the regular cost of providing benefits which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered Variations from the regular pensions costs are spread evenly through the income and expenditure account over the average remaining service lives of current employees
The Trust operates both pension schemes providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the company

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The movement in the scheme is split between operating charges, finance items, and in the Statement of Total Recognised Surpluses and Deficits, actuarial gains and losses

The continued adoption of FRS 17 has resulted in a decrease in staff costs by £114,000 (2011 £3,030,000 decrease) and an increase in other finance income by £123,000 (2011 £261,000 decrease), a decrease in deficit for the year of £237,000 (2011 £2,769,000 decrease) and an increase in the total recognised deficits by £3,134,000 (2011 £2,897,000 increase)

Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation Cost includes acquiring land and buildings, development costs and expenditure incurred in respect of improvements

Improvements are works which result in an increase in the net rental income, a reduction in future maintenance costs, or a significant extension of the useful economic life of the property in the business Only direct overhead costs associated with new developments or improvements are capitalised

The expenditure on improvement schemes during the year was £3,296,000 with capitalised expenditure of £3,097,000 and net revenue expenditure of £199,000 in line with component accounting, see below

From 1 April 2011 the Trust has adopted Component Accounting A revised capitalisation policy has been approved which means that 100% of certain improvement expenditures are now capitalised and then depreciated over their useful economic life These changes have resulted in higher capitalisation charges than in previous years and also higher depreciation charges to the income and expenditure account

Kitchens	20 years
Bathrooms	30 years
Boilers	15 years
Central heating systems	30 years
Windows	35 years
Rewires	30 years
Lifts	30 years
Energy efficiency	Remaining life of the property
Roofing	Remaining life of the property

Shared ownership properties are proportionately split between fixed and current assets as determined by the percentage of the property to be sold under a first tranche sale First tranche sales are proportioned to current assets The remaining proportion is classified as a fixed asset Grant received is allocated to fixed assets Depreciation is calculated based upon the fixed asset value less grant received and land

Social housing grant (SHG)

SHG is receivable from Homes and Communities Agency and is utilised to reduce the capital costs of housing properties, including land costs The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property SHG due from the Homes and Communities Agency or received in advance is included as a current asset or liability SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates

SHG is subordinated to the repayment of loans by agreement with The Homes and Communities Agency SHG released on sale of properties may be repayable but is normally recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors

2 Accounting Policies (Continued)

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

Impairment

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

Where there is evidence of impairment, fixed assets are written down to the recoverable amount Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses

Depreciation of housing properties

Freehold land is not depreciated Depreciation of building structures are charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business

The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to housing properties, less residual value The Group's housing property structures are depreciated at 1 66% per annum

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

The depreciation policy for housing stock has changed from 1 April 2011 due to the introduction of component accounting (see note on page 15)

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives No depreciation is provided on freehold land

The principal annual rates used for other assets are

Freehold office building	1%
Freehold technical building	3 33%
Improvements to buildings	3 33%
Furniture, fixtures and fittings	20%
Plant and machinery	25%
Computers and office equipment	33%

Liquid resources

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

Sale of Housing Properties

Sales of housing are taken into account on completion of contracts Due to the nature of the transfer agreement it is not possible to identify separately the original value of each property sold Instead an average value is eliminated from housing properties and is charged to the Income and Expenditure Account

Leased assets

The Group does not have any assets held under finance leases

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

Stock

Stocks are valued at the lower of cost and estimated net realisable value Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal

Provisions

Provisions are made to the extent that the Group has no discretion to avoid expenditure provided for

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 Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date

In accordance with 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 Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date Deferred tax assets and liabilities are not discounted

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover a very small proportion of the VAT it incurs on expenditure The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs The balance of VAT payable or recoverable at the year end is included as a current liability or asset

Interest payable

Interest payable is charged to the income and expenditure account in the year

Current asset investments

Investments are stated at market value

3 TURNOVER, OPERATING SURPLUS AND SURPLUS BEFORE TAXATION

Group - continuing activities

	2012 Turnover £000	2012 Cost of Sales £000	2012 Operating Costs £000	2012 Operating Surplus/(Deficit) £000	2011 Turnover £000	2011 Cost of Sales £000	2011 Operating Costs £000 Restated	2011 Operating Surplus/(Deficit) £000 Restated
Social housing lettings	24,609	-	(18,069)	6,540	22 667	-	(18 300)	4 367
Other social housing activities								
Management services	1 333	-	(1 389)	(56)	1 438	-	(1 482)	(44)
Other	4	(4)	-	-	2	(2)	-	-
	1 337	(4)	(1 389)	(56)	1,440	(2)	(1 482)	(44)
Non-social housing activities								
Lettings	295	-	(484)	(189)	308	-	(317)	(9)
Sale of first tranche Shared Ownership	65	(65)	-	-	409	(299)	-	110
Other	253	-	(202)	51	99	-	(162)	(63)
	613	(65)	(686)	(138)	816	(299)	(479)	38
	26 559	(69)	(20 144)	6 346	24,923	(301)	(20 261)	4 361
Exceptional Item - FRS17 change in benefits	-	-	-	-	-	-	3,259	3,259

Trust - continuing activities

	2012 Turnover £000	2012 Cost of Sales £000	2012 Operating Costs £000	2012 Operating Surplus/(Deficit) £000	2011 Turnover £000	2011 Cost of Sales £000	2011 Operating Costs £000 Restated	2011 Operating Surplus/(Deficit) £000 Restated
Social housing lettings	24,609	-	(18 568)	6 041	22 667	-	(18 802)	3 865
Other social housing activities								
Management services	1 333	-	(1 389)	(56)	1 438	-	(1,482)	(44)
Other	4	(4)	-	-	2	(2)	-	-
	1 337	(4)	(1 389)	(56)	1 440	(2)	(1,482)	(44)
Non-social housing activities								
Lettings	292	-	(257)	35	304	-	(89)	215
Sale of first tranche Shared Ownership	65	(65)	-	-	409	(299)	-	110
Other	253	-	(202)	51	99	-	(162)	(63)
	610	(65)	(459)	86	812	(299)	(251)	262
	26 556	(69)	(20 416)	6 071	24 919	(301)	(20 535)	4 083
Exceptional Item - FRS17 change in benefits	-	-	-	-	-	-	3 259	3 259

Note Other social housing activity turnover relates to Supporting People contracts of £508k (2011 £508k) ChesterCare of £481k (2011 £529k) and Housing Agency of £344k (2011 £401k)
Non-social housing activity lettings relates to lettings of office space £79k (2011 £86k) and garage rental income of £213k (2011 £218k)
2011 figures have been restated to reflect the adoption of component accounting This resulted in a decrease in social housing lettings operating costs by £1 422k

4 PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS (GENERAL HOUSING)

	Group		Trust	
	2012 £000	2011 £000 Restated	2012 £000	2011 £000 Restated
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	23,753	21,870	23,753	21,870
Service charges receivable	856	797	856	797
Net rental income from social housing lettings	24,609	22,667	24,609	22,667
Expenditure on social housing lettings				
Management	(4,426)	(4,453)	(4,925)	(4,955)
Services	(982)	(1,248)	(982)	(1,248)
Routine maintenance	(3,096)	(4,038)	(3,096)	(4,038)
Planned maintenance (restated)	(6 657)	(6 065)	(6,657)	(6,065)
Bad debts	(125)	(183)	(125)	(183)
Depreciation of housing properties (restated)	(2,640)	(2,168)	(2,640)	(2,168)
Impairment of housing properties	-	(145)	-	(145)
Disposal of componants	(143)		(143)	
Operating costs on social housing lettings	(18 069)	(18,300)	(18,568)	(18,802)
Operating surplus on social housing lettings	6 540	4,367	6,041	3,865
Voids	(266)	(206)	(266)	(206)

Shared ownership income and expenditure is not disclosed seperately due to its immateriality At the year ending 31 March 2012 only 102 (2011 90) of the 6,298 properties in management were shared ownership

Expenditure on social housing lettings costs includes an adjustment of £114,000 increase in costs (2011 £229 000 increase in costs) for FRS17

2011 figures have been restated to reflect the adoption of component accounting This resulted in an increase in housing depreciation by £1 370k and a decrease in planned maintenance costs of £2,792k

5 ACCOMMODATION IN MANAGEMENT

	Group		Trust	
	2012	2011	2012	2011
	No	No	No	No
Social Housing- general housing	6,196	6,108	6,196	6,108
Shared ownership	102	90	102	90
Total owned and managed	6,298	6,198	6,298	6,198

As at 31 March 2012 the Trust had a further 49 general housing and 5 shared ownership units in development These will all come into management in the 2012/13 financial year

6 OPERATING SURPLUS

This is arrived at after charging	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
		Restated		Restated
Depreciation of housing properties	2,640	2,168	2,640	2,168
Impairment of housing properties	-	145	-	145
Depreciation of other fixed assets	345	406	298	359
Operating leases				
- office equip, computers & vehicles	368	367	368	367
Voluntary redundancy / early retirement costs	44	14	44	14
Auditor's remuneration (incl VAT)				
- for audit services	33	30	30	27
- for non-audit services	81	53	79	51

7 SURPLUS ON SALE OF FIXED ASSETS

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Housing properties rented				
Disposal proceeds	130	194	130	194
Carrying value of fixed assets	(66)	(65)	(66)	(65)
	64	129	64	129

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Interest receivable and similar income	8	6	243	241

9 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Loans and bank overdrafts	5,240	5,158	5,240	5,158
Loan facility arrangement and other fees	407	92	407	92
	5,647	5,250	5,647	5,250

During 2011/12 additional loan arrangement fees of £320k were incurred to facilitate the additional new £25m tranche in the overall loan facility

10 OTHER FINANCE INCOME / (COST)

	Group 2012 £000	Group 2011 £000	Trust 2012 £000	Trust 2011 £000
Expected return on pension scheme assets	1,510	1,430	1,510	1,430
Interest on pension scheme liabilities	(1,387)	(1,691)	(1,387)	(1,691)
	123	(261)	123	(261)

11 EMPLOYEES

Average monthly number of employees	Group 2012 No	Group 2011 No.	Trust 2012 No.	Trust 2011 No.
Housing Management	117	129	117	129
Development & Regeneration	7	5	7	5
Customer Services	20	18	20	18
Property Services	144	125	144	125
Finance & Administration	15	15	15	15
Legal Services	1	1	1	1
Human Resources	7	6	7	6
Information Technology	7	7	7	7
Performance & Quality	5	6	5	6
Executive	6	5	6	5
Employment Placements	14	21	14	21
	343	338	343	338

Average monthly number of employees expressed in full time equivalents	Group 2012 No	Group 2011 No.	Trust 2012 No	Trust 2011 No.
Housing Management	103	110	103	110
Development & Regeneration	7	5	7	5
Customer Services	15	14	15	14
Property Services	141	125	141	125
Financial & Administration	15	15	15	15
Legal Services	1	1	1	1
Human Resources	7	5	7	5
Information Technology	7	6	7	6
Performance & Quality	5	6	5	6
Executive	5	4	5	4
Employment Placements	7	14	7	14
	313	305	313	305

Employee Costs	Group 2012 £000	Group 2011 £000	Trust 2012 £000	Trust 2011 £000
Wages and salaries	7,749	7,227	7,749	7,227
Social security costs	585	530	585	530
Other pension costs	1 178	970	1,178	970
	9,512	8,727	9,512	8,727

11 EMPLOYEES (Continued)

Cheshire County Council Local Government Pension Scheme (LGPS)

The Trust participates in the Cheshire County Council Scheme providing benefits based on final pensionable pay The most recent full actuarial valuation was carried out as at 31 March 2010 and was updated for FRS 17 purposes to 31 March 2012 by a qualified independent actuary The Chester & District Housing Trust contribution for the year was £1,135,000 (2011 £934,000)

From 1 April 2011 it was agreed that a revised employer contribution rate of 15 6% of pensionable pay plus an additional annual sum of £255,000 for past service deficit will apply

The Chief Executive and Deputy Chief Executive are both members of the Cheshire County Council Pension Scheme, a defined benefit final salary pension scheme They are ordinary members of the pension scheme and no enhanced or special terms apply Chester & District Housing Trust does not make any further contributions to individual pension arrangements for these Directors or other executive officers The main actuarial assumptions used in the valuation were

Discount rate	6 1% p a
Salary increases	1 0% p a for 2010/11, 2011/12 and 2012/13 reverting to 5 3% p a thereafter
Price inflation (CPI)	3 3% p a

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be uprated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI)

This had the initial effect of reducing Chester & District Housing Trust's liabilities in the Cheshire Pension Fund by £3,259,000 and has been recognised as a past service gain in accordance with guidance set down in Urgent Issues Task Force (UITF) Abstract 48, since the change is considered to be a change in benefit entitlement

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 31 March 2012 £'000	Value at 31 March 2011 £'000	Value at 31 March 2010 £'000
Equities	16,854	15,683	14,439
Bonds	3,277	3,267	2,769
Property	1,639	1,307	989
Cash	1,639	1,525	1582
Total market value of assets	23,409	21,782	19,779
Present value of scheme liabilities	(28,769)	(24,842)	(32,786)
Deficit in the scheme - Pension liability	(5,360)	(3,060)	(13,007)

	Long-term rate of return expected at 31 March 2012	Long-term rate of return expected at 31 March 2011	Long-term rate of return expected at 31 March 2010
Equities	6 20%	7 50%	7 80%
Bonds	3 30%	4 90%	5 00%
Property	4 40%	5 50%	5 80%
Cash	3 50%	4 60%	4 80%

Movement in deficit during the year	**2012 £'000**	**2011 £'000**
Deficit at beginning of the year	(3,060)	(13,007)
Current Service Cost	(1,016)	(1,163)
Contributions paid	1,135	934
Past service cost / (gain)	(5)	3,259
Impact on settlements and curtailments	-	-
Other finance income	123	(261)
Actuarial (loss) / gain	(2,537)	7,178
Deficit at end of year	(5,360)	(3,060)

11 EMPLOYEES (Continued)

Analysis of other pension costs charged in arriving at operating profit/loss

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Current service cost	1,016	1,163	535	599	747
Past service cost/ (gain)	5	(3,259)	10	160	-
Previously unrecognised surplus deducted from past service cost	-	-	-	-	-
Losses on settlements or curtailments	-	-	20	73	-
Previously unrecognised surplus deducted from the settlement or curtailment losses	-	-	-	-	-
	1,021	(2,096)	565	832	747

Losses on settlements or curtailments recorded as non operating items totalled £nil (2011 £nil)
The Past Service gain for 2012 includes £5,000 (2011 £nil) in respect of efficiency and other early retirements and £nil (2011 £3,259,000) in respect of the changes to pension increases introduced in the Chancellor's budget statement, as referred to above

Analysis of amounts included in other finance income/costs

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Expected return on pension scheme assets	1,510	1,430	896	1,224	1,304
Interest on pension scheme liabilities	(1,387)	(1,691)	(1,268)	(1,280)	(1,155)
	123	(261)	(372)	(56)	149

Analysis of Amount Recognised in Statement of Total Recognised Surpluses and Deficits

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000 As restated
Experience gains and (losses) on scheme assets	(744)	(187)	4,252	(4,932)	(2,836)
Experience gains and (losses) arising on scheme liabilities	(327)	4,260	-	-	484
Changes in assumptions underlying the present value of scheme liabilities	(1,466)	3,105	(12,925)	2,024	4,093
Actuarial (loss) / gain recognised in STRSD	(2,537)	7,178	(8,673)	(2,908)	1,741

History of Experience Gains and Losses

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000 As restated
Difference between the expected and actual return on scheme assets	(744)	(187)	4,252	(4,932)	(2,836)
Amount	23,409	21,782	19,779	13,832	16,802
Percentage of year end scheme assets	**(3 2%)**	**(0 9%)**	**21 5%**	**(35 7%)**	**(16 9%)**
Experience gains and losses on scheme liabilities	(327)	4,260	-	-	484
Amount	28,769	24,842	32,786	18,155	18,224
Percentage of year end present value of scheme liabilities	**(1 1%)**	**17 1%**	**0 0%**	**0 0%**	**2 7%**
Total amount recognised in statement of total recognised gains and losses	(2,537)	7,178	(8,673)	(2,908)	1,741
Amount	28,769	24,842	32,786	18,155	18,224
Percentage of year end present value of scheme liabilities	**(8 8%)**	**28 9%**	**(26 5%)**	**(16 0%)**	**9 6%**

11 EMPLOYEES (Continued)

Social Housing Pension Scheme

The Trust participates in The Social Housing Pension Scheme (SHPS) The Scheme is funded and is contracted-out of the State Pension scheme It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable

SHPS is a multi-employer scheme where

- The assets of the entire SHPS are pooled for investment purposes
- Benefits are paid from the total scheme assets and
- The contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience

The Trustee commissions an actuarial valuation of the Scheme every three years The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method The market value of the Scheme's assets at the valuation date was £1,527 million The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69 7%

As a result of this it is not possible to breakdown scheme assets by participating employer and accordingly it is not possible to analyse the on-going funding deficit by individual employer Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS 17 represents the employer contribution payable The employer contributions over the period were £34,000

The Trust has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members and new entrants

The financial assumptions underlying the valuation as at 30 September 2008 were as follows

Valuation Discount Rates	
- Investment return pre retirement	7 8%pa
- Investment non pensioner return post retirement	6 2%pa
- Investment pensioner return post retirement	5 6%pa
- Pensionable earnings growth	4 7%pa
- Price inflation	3 2%pa
Pension increases	
- Pre 88 Guaranteed Minimum Pension (GMP)	0 0%pa
- Post 88 Guaranteed Minimum Pension (GMP)	2 8%pa
- Excess over Guaranteed Minimum Pension (GMP)	3 0%pa

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010 Such a report is required by legislation for years in which a full actuarial valuation is not carried out The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80 0%

The scheme actuary has estimated a potential debt of £927,599 to 30 September 2011 The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012 The results of the 2011 valuation will be included in next year's Disclosure Note

With effect from 1 April 2010 the employer and employee contribution rates were set at 9 8% and 6 4% to 8 4% of pensionable salaries respectively In addition the Trust contributes £16,000 per annum to reduce past service deficit As at the balance sheet date there were 5 active members of the Scheme employed by the Trust The annual pensionable payroll in respect of these members was £186,000 (2011 £183,000) The Trust continues to offer membership of the Scheme to its employees

Employers joining the scheme after 1 October 2002, including the Trust, that do not transfer any past service liabilities to the Scheme, pay contributions at the ongoing future service contribution rate This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable Contribution rates are changed on the 1 April that falls 18 months after the valuation date

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme The debt is due in the event of the employer ceasing to participate in the Scheme or the scheme winding up The debt for the scheme as a whole is calculated by comparing the liabilities for the scheme (calculated on a buyout basis, i e the Scheme Actuary's estimate of the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the scheme If the Scheme liabilities exceed Scheme assets there is a buy-out debt

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers that have ever participated in the Scheme) The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers 'Orphan' liabilities are the deferred and pension liabilities of members previously employed by employers that have ceased to participate in the Scheme and who have either not paid their share of the deficit in full or who ceased participating at a time when the debt was nil The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, the level of 'orphan' liabilities, financial conditions at the time of the employer's withdrawal from the Scheme and the insurance buy-out market The amounts of debt can therefore be volatile over time

12 BOARD DIRECTORS AND EXECUTIVE DIRECTORS

The remuneration paid to the Directors of the Company (the Board, the Chief Executive and other Executive Officers) for the year was

	2012 £000	2011 £000
Aggregate emoluments payable to Directors (excluding pension contributions and including benefits in kind)	928	824
Pension contributions	125	124
Aggregate emoluments payable to Directors (including pension contributions and benefits in kind)	1,053	948
Emoluments payable to the highest paid Director (excluding pension contributions and including benefits in kind)	163	134

The number of Directors, including the highest paid Director, who received emoluments (excluding pension contributions) in the following ranges were as follows

	2012	2011
£Nil (Board)	14	10
£1 - £20,000	1	-
£20,001 - £40,000	-	2
£40,001 - £60,000	10	8
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	1
£100,001 - £110,000	-	-
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	-
Number of Directors to whom retirement benefits are accruing in respect of qualifying services	14	13

	2012 £000	2011 £000
Aggregate amount of highest paid Director's pension	19	21
Expenses payable to members of the Board who were neither officers nor employees of the Company	2	2

The Chief Executive is a normal member of the Cheshire Pension Fund final salary pension scheme and does not receive enhanced rates The chief and deputy chief executive are entitled to other benefits relating to the provision of a leased car or a cash alternative The executive directors are employed on the same particulars of employment as other staff and their notice periods are three months

The Directors and executive managers all participate in either the Cheshire County Council Pension Scheme or Social Housing Pension Scheme both of which are defined benefit schemes They are ordinary members of the pension scheme and no enhanced or special terms apply

None of the non-executive Board Directors received emoluments Expenses paid during the year to Board Directors amounted to £1,761 (2011 £2,191) Board members are covered by a Directors and Officers Insurance Policy that is provided under the National Housing Federation subscription

The Board directors who served during the year, together with the executive directors and managers of the Trust are set out on page 1 Board directors are drawn from a wide background bringing together professional, commercial and local experience

The executive management team are listed on page 1 The executive directors hold no financial interest in the Trust's limitation by guarantee and act as executives within the authority delegated by the Board

During 2012 the Trust contributed £18k to Cosmopolitan Housing Group towards salaries relating to the Group management function Cosmopolitan Housing Group contributed £42k to the Trust towards salaries relating to the Group management function

13 TAX ON ORDINARY ACTIVITIES

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
		as restated		as restated
United Kingdom Corporation Tax				
Current tax on income for the year	-	-	-	-
Adjustments in respect of prior years	-	-	-	-
Current taxation	-	-	-	-
Deferred taxation				
Net origination (reversal) of timing differences	-	-	-	-
Changes in tax rates	-	-	-	-
Tax on deficit on ordinary activities	-	-	-	-

Current tax reconciliation

	Group 2012 £000	Group 2011 £000 as restated	Trust 2012 £000	Trust 2011 £000 as restated
Surplus on ordinary activities before taxation	894	2,244	854	2,201
Theoretical tax at UK corporation tax rate 26% (2010 28%)	232	628	222	616
Effects of:				
Expenditure not tax deductible	726	465	714	452
Adjustments in respect of capital items	-	-	-	-
Depreciation for period in excess of capital allowances	63	36	63	36
Utilisation of tax losses and other deductions	(1,312)	(382)	(1,312)	(382)
Accelerated capital allowances	-	-	-	-
Short term timing differences	(2)	(2)	(2)	(2)
Group relief	-	-	22	25
FRS 17 movement - I&E element	(62)	(775)	(62)	(775)
Effect of change in rate	355	428	355	428
Prior year adjustment for component accounting	-	(398)	-	(398)
Actual current taxation charge	-	-	-	-

Unrelieved losses of £16,907k (2011 £20,194k) are carried forward and are available to reduce the tax liability in respect of future profits

The group has a deferred tax asset in relation to tax losses of £4,058k as at 31 March 2012 (2011 £5,250k) which have not been recognised as these may be only set against certain profits arising in future accounting periods

The deferred tax asset is calculated at 24% of the gross balances Corporation tax rates are to decrease by 1% each year until 2014 This will reduce the main tax to 22% by 1 April 2014 Deferred tax is recognised at 24% as that is the rate of tax that had been substantively enacted at the balance sheet date

14 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

Group and Trust	Social housing properties held for letting £000	Social housing properties under construction £000	Completed shared ownership housing properties £000	Shared ownership properties under construction £000	Total £000
Cost					
At 1 April 2011	67,773	8,520	5,240	1,152	82,685
Component accounting adjustment	30,249	-	-	-	30,249
1 April 2011 (restated)	98,022	8,520	5,240	1,152	112,934
Additions	4,216	2,730	-	428	7,374
Transfer from work in progress	-	-	55	-	55
Transfer to work in progress	-	-	-	-	-
Schemes completed	9,857	(9,857)	1,265	(1,265)	-
Transfer from S/O to rented	-	-	-	-	-
Disposals	(294)	-	(72)	-	(366)
At 31 March 2012	111,801	1,393	6,488	315	119,997
Depreciation					
At 1 April 2011	6,062	-	215	-	6,277
Component accounting adjustment	7,901	-	-	-	7,901
1 April 2011 (restated)	13,963	-	215	-	14,178
Charge for the year	2,595	-	45	-	2,640
Amount eliminated by impairment	-	-	-	-	-
Amount eliminated by disposal	(95)	-	(1)	-	(96)
At 31 March 2012	16,463	-	259	-	16,722
Impairment					
At 1 April 2011	979	-	-	-	979
Charge for the year	-	-	-	-	-
At 31 March 2012	979	-	-	-	979
Net Book Value					
At 31 March 2012	94,359	1,393	6,229	315	102,296
At 31 March 2011	83,080	8,520	5,025	1,152	97,777
Social Housing Grant					
At 1 April 2011	8,087	3,998	414	234	12,733
Additions	268	2,037	-	138	2,443
Schemes completed	5,560	(5,560)	312	(312)	-
At 31 March 2012	13,915	475	726	60	15,176
Other grants					
At 1 April 2011	28	-	-	-	28
Additions	-	-	-	-	-
Schemes completed	-	-	-	-	-
At 31 March 2012	28	-	-	-	28

Housing properties book value, net of depreciation and grants, and offices net book value (note 15) comprise mainly of freehold land and buildings

15 TANGIBLE FIXED ASSETS - OTHER

Group

	Freehold offices £000	Fixtures and fittings £000	Computers and office equipment £000	Plant and Machinery £000	Total £000
Cost					
At 1 April 2011	8,381	782	2,603	29	11,795
Additions	-	7	82	8	97
Disposal	-	-	-	-	-
At 1 April 2012	8,381	789	2,685	37	11,892
Depreciation					
At 1 April 2011	1,451	566	2,469	20	4,506
Charge for the year	168	30	140	7	345
Disposal	-	-	-	-	-
At 31 March 2012	1,619	596	2,609	27	4,851
Net Book Value					
At 31 March 2012	6,762	193	76	10	7,041
At 31 March 2011	6,930	216	134	9	7,289

Trust

	Freehold offices £000	Fixtures and fittings £000	Computers and office equipment £000	Plant and Machinery £000	Total £000
Cost					
At 31 March 2011	4 489	542	2,603	29	7,663
Additions	-	7	82	8	97
At 31 March 2012	4,489	549	2,685	37	7,760
Depreciation					
At 1 April 2011	1,062	486	2,469	20	4,037
Charge for the year	129	22	140	7	298
At 31 March 2012	1,191	508	2,609	27	4,335
Net Book Value					
At 31 March 2012	3,298	41	76	10	3,425
At 31 March 2011	3,427	56	134	9	3,626

16 FIXED ASSET INVESTMENTS

	Group 2012 £000	Group 2011 £000	Trust 2012 £000	Trust 2011 £000
Loans to subsidiary	-	-	3,872	3,872

17 INVESTMENT IN SUBSIDIARIES

As required by statute, the financial statements consolidate the results of Chester & District Housing Trust Limited and its wholly owned subsidiary, CDHT (Property Holdings) Limited The Trust has the right to appoint members to the Board of the subsidiary and thereby exercises control over it Chester & District Housing Trust Limited is the ultimate parent undertaking

18 STOCKS AND WORK IN PROGRESS

	Group 2012 £000	Group 2011 £000	Trust 2012 £000	Trust 2011 £000
Raw materials and consumables	14	14	14	14
Work In Progress Shared ownership	-	55	-	55
	14	69	14	69

19 DEBTORS

	Group 2012 £000	Group 2011 £000	Trust 2012 £000	Trust 2011 £000
Due within one year				
Rent and service charges receivable	1,322	1,296	1,322	1,296
Less provision for bad debts	(804)	(818)	(804)	(818)
	518	478	518	478
Amount due from subsidiary	-	-	40	32
Intergroup debtor to CHG	76	-	76	-
Other debtors	1,845	1,907	1,842	1,903
Less provision for bad debts	(105)	(87)	(105)	(87)
Prepayments and accrued income	375	338	506	469
	2,709	2,636	2,877	2,795

20 CURRENT ASSET INVESTMENTS

	Group 2012 £000	Group 2011 £000	Trust 2012 £000	Trust 2011 £000
Money market and term deposits	500	500	-	-

21 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Debt (note 23)	124	117	124	117
Trade creditors	112	76	112	76
Intergroup creditor to CHG	18	-	18	-
Rents and service charges received in advance	203	186	203	186
Social Housing Grant received in advance	130	250	130	250
Other receipts in advance	283	74	283	74
Right to Buy Sharing Agreement	253	101	253	101
Other taxation and social security costs	285	221	285	221
Homes & Communities Agency re Disposal Proceeds Fund	1,711	1,668	1,711	1,668
Other creditors	143	120	142	120
Accruals and deferred income	2,283	3,802	2,275	3,795
	5,545	6,615	5,536	6,608

Payments to creditors

The following information has been extracted from the Group's creditor payments system

	Group		Trust	
	2012	2011	2012	2011
	No	No	No	No
Average number of days between receipt and payment of purchase invoices	27	30	27	30

22 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Debt (note 23)	108,031	104,156	108,031	104,156
Disposal proceeds fund	18	55	18	55
	108,049	104,211	108,049	104,211

Reconciliation of Disposal proceeds fund

		Group	Trust
		£000	£000
Opening balance		1,723	1,723
Movements	Grants recycled	-	-
	Interest accrued	6	6
	New build	-	-
	Major repairs / works to existing stocks	-	-
	Repayment of grant to Homes & Communities Agency	-	-
Closing balance		1,729	1,729
Amounts due for repayment to the Homes & Communities Agency		1,711	1,711

Disposal proceeds fund is payable as follows	Group	Trust
	£000	£000
Less than one year (note 21)	1,711	1,711
Between one and two years	6	6
Between two and three years	12	12
	1,729	1,729

23 DEBT ANALYSIS

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Due within one year				
Bank and Building Society Loans	124	117	124	117
Due after more than one year				
Bank and Building Society Loans	108,031	104,156	108,031	104,156

Debt is repayable as follows

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Within one year	124	117	124	117
Between one and two years	132	124	132	124
Between two and five years	6,982	7,817	6,982	7,817
After five years	100,917	96,215	100,917	96,215
Bank and Building Society Loans	108,155	104,273	108,155	104,273

The Bank and Building Society loans are secured by a floating charge over the assets of the Trust and by fixed charges on housing properties and Centurion House Bank and Building Society loans of £91 66m (85% of loans) are at fixed rates of interest ranging from 4 65% to 6 22%, with the remainder on LIBOR rates In addition to the above debt, at 31 March 2012 the Group had undrawn loan facilities of £45 84m (2010 £24 73m) The Group's overall loan facility is £154m (2011 £129m)

As a condition of the increased loan facility the Trust had to implement a hedging strategy to ensure a maximum of 30% of loans are variable (at any one time) throughout the overall length of the Business Plan The required hedging to facilitate this requirement was put in place during June 2012 where a number of forward fixed rate trades were put in place

24 RESERVES

	Group	Trust
	£000	£000
Balance at 1 April 2011	(40,385)	(40,668)
Component accounting adjustment	22 348	22,348
Balance at 1 April 2011 (restated)	(18,037)	(18,320)
Surplus for the year	894	854
Actuarial loss recognised in the pension scheme	(2,537)	(2,537)
At 31 March 2012	(19,680)	(20,003)

	Group		Trust	
	2012	2011	2012	2011
	£000	£000	£000	£000
Restated revenue reserve excluding pension liability	(14,320)	(14,977)	(14,643)	(15,260)
Pension liability	(5,360)	(3,060)	(5,360)	(3,060)
Revenue reserve including pension liability	(19,680)	(18,037)	(20,003)	(18,320)

25 RECONCILIATION OF MOVEMENT IN GROUP FUNDS

	Group £000	Trust £000
Opening funds at		
At 1 April 2011	(40,385)	(40,668)
Component accounting adjustment	22 348	22,348
Balance at 1 April 2011 (restated)	(18,037)	(18,320)
Surplus for the year	894	854
Actuarial gain recognised in the pension scheme	(2,537)	(2,537)
At 31 March 2012	(19,680)	(20,003)

26 FINANCIAL COMMITMENTS

Capital expenditure commitments are as follows

	Group		Trust	
	2012 £000	2011 £000	2012 £000	2011 £000
Capital Expenditure				
Expenditure contracted for but not provided for in the accounts	31,832	11,514	31,832	11,514
Expenditure authorised by the Board, but not contracted	50,749	46,872	50,749	46,872
	82,581	58,386	82,581	58,386

Operating Leases

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

	Group		Trust	
	2012 £000	2011 £000	2012 £000	2011 £000
Vehicles and office equipment leases expiring				
One to five years	284	339	284	339

27 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2012 (2011 None)

28 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £000	2011 £000 Restated
Operating surplus restated	6,346	7,620
FRS 17 pension contribution adjustment	(114)	229
Exceptional Item - FRS17 change in benefits	-	(3,259)
Depreciation and impairment of tangible fixed assets restated	2,985	2,719
Component accounting prior year capitalisation adjustment	-	(2,792)
	9,217	4,517
Working capital movements		
Stock	-	-
Work In Progress Shared Ownership	55	378
Debtors	(73)	(289)
Creditors	(268)	(1,723)
Net cash inflow from operating activities	8,931	2,883

29 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012 £000	2011 £000
Increase / (Decrease) in cash	1,579	(4,648)
Cash flow from movement in liquid resources	-	200
Cash flow from movement in debt and lease finance	(3,883)	(4,389)
Increase in net debt from cash flows	(2,304)	(8,837)
Net debt at 1 April	(103,404)	(94,567)
Net debt at 31 March	(105,708)	(103 404)

30 ANALYSIS OF NET DEBT

	1 April 2011 £000	Cash flow £000	31 March 2012 £000
At 31 March 2012			
Cash at bank and in hand	339	1,579	1,918
Bank overdraft	-	-	-
Changes in cash	339	1,579	1,918
Current asset investments	500	-	500
Changes in debt (loans)	(104,273)	(3,883)	(108,156)
Changes in net debt	(103,434)	(2,304)	(105,738)

31 FINANCIAL ASSETS AND LIABILITIES

The Board policy on derivatives and financial instruments is explained in the Operating and Financial Review on page 7

Financial Assets

Other than short term debtors, other financial assets held are cash deposits placed at call and cash at bank They attract interest at variable rates and amounts held were

	2012 £000	2011 £000
Sterling	2,418	839

32 RELATED PARTIES

There are three Tenant Director places on the Board The Tenant Board Directors are Patrick Scanlan and John Rose There is currently 1 vacancy Their tenancies / leases are on normal commercial terms and they are not able to use their position to their advantage The total rent, service and support charges payable for the year for these two tenancies / leases was £4,443 (2011 £4,242) There were no amounts due as at 31 March 2012, no provision for bad or doubtful debts was made and no sums were written off during the year

Cllr Eleanor Johnson (retired September 2011) , Cllr Rob Thompson and Cllr Alex Tate, who are members of the Board, are Councillors with Cheshire West and Chester Council The Trust provides services to the Council and also purchases services from the Council During the period the Trust paid fees totalling £163,286 (2011 £150,334) to, and received fees totalling £1,020,246 (2011 £728,186) from, the Council The traded services balances outstanding at the period end were £36 085 (2011 £45,916) owed to the Council by the Trust and £35,324 (2011 £98,435) owed to the Trust by the Council

During the year the Trust also received £250,000 (2011 £160,000) Affordable Housing grants from Cheshire West and Chester towards the costs of completed development schemes (see Note 14)