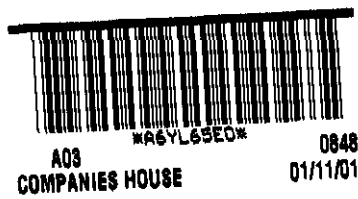


**PHOENIX HOUSE HOUSING ASSOCIATION**

**FINANCIAL STATEMENTS**

**for the year ended**

**31 MARCH 2001**



## **PHOENIX HOUSE HOUSING ASSOCIATION**

<b>PATRON</b>	HRH Prince of Wales
<b>COMMITTEE</b>	Mr G C Hogg (Chair) Mrs A Darling JP (Vice Chair) Mr J Ashford Dr D Black Mr K G Fry Mr S Das Gupta Dr M Mitcheson Mr C Nicholson Mr A Cameron Ms Sheron Carter (resigned 2 <sup>nd</sup> May 2000) Mr Alan Cogbill Ms Bernadette Kenny Mr Tim Rathbone
<b>SECRETARY</b>	Bill Puddicombe
<b>REGISTERED OFFICE</b>	Phoenix House 3 <sup>rd</sup> Floor Asra House 1 Long Lane London SE1 4PG
<b>BANKERS</b>	National Westminster Bank plc 216 Bishopsgate London EC2M 4QB
<b>AUDITORS</b>	Smith & Williamson No. 1 Riding House Street London W1A 3AS
<b>REGISTERED CHARITY NUMBER</b>	284880
<b>COMPANY NUMBER</b>	1626869
<b>HOUSING CORPORATION REGISTERED NUMBER</b>	H 3795

**PHOENIX HOUSE HOUSING ASSOCIATION**

**FINANCIAL STATEMENTS for the year ended 31 MARCH 2001**

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# **PHOENIX HOUSE HOUSING ASSOCIATION**

## **DIRECTORS' REPORT**

The Directors present herewith their report and accounts for the year ended 31 March 2001.

### **ACTIVITIES AND REVIEW**

The principal activity of the Company, which is a registered charity and housing association, is the provision of services for the rehabilitation of problematic substance misusers.

The Company is currently experiencing growth which is expected to continue. We will be strengthening the infrastructure of the organisation in order to ensure that growth is well supported and sustainable.

The deficit for the year before designations amounted to £179,311 (2000: surplus of £114,137). The results were not in line with the expectations of the Directors. Income was lower than expected in the second half of the year because of a larger than expected decrease in occupancy. Since 1<sup>st</sup> April 2001 however occupancy increased significantly and occupancy related income has been higher than projected for the first five months of the year ending 31<sup>st</sup> March 2002.

An amount of £55,764 (2000:£55,503) was transferred from designated reserves to the Income and expenditure Account. It is proposed that in the year 2001/2002 a review of designation policies is carried out including the creation of a major repair reserve.

On 1<sup>st</sup> April 2001 the Company acquired the business of Alpha House as a going concern together with its assets, goodwill and records in consideration for £1 (note 20).

### **DIRECTORS**

The Directors who served during the year were as follows:

Mr K G Fry  
Mr J Ashford  
Dr D Black  
Mrs A Darling JP  
Dr S Das Gupta  
Mr G C Hogg  
Mr Alan Cogbill

Mr Tim Rathbone  
Ms Sheron Carter  
Dr N Mitcheson  
Mr C Nicholson  
Ms Bernadette Kenny  
Mr A Cameron

All of the Directors are non-beneficial members of the Company. All members of the Company guarantee to contribute to a maximum of £1, should there be a call on their guarantee whilst members of the Company or within one year after ceasing to be a member.

### **INTERNAL FINANCIAL CONTROL**

The Directors have overall responsibility for the Company's system of internal financial control and for monitoring its effectiveness. The Company has established policies, procedures and standing orders which are regularly updated. These are designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. The principal components of the Company's system of internal financial control are as follows:

#### **Staffing**

The Company has recruited and trained staff to operate a system of tight financial control. Staff are encouraged to support the Company's commitment to integrity, competence and the effective and economical

## **PHOENIX HOUSE HOUSING ASSOCIATION**

### **DIRECTORS' REPORT (continued)**

application of public funds to provide a high quality service.

#### **Delegation**

The overall financial objectives of the Company are agreed by the Audit Committee and the Board, which delegates day to day management responsibility to the Senior Management Team. There is a clear organisational structure, detailing lines of authority and control responsibilities. There are defined revenue and capital expenditure authorisation limits in place.

#### **Budgets**

A rolling three year business plan and detailed annual budgets are prepared by the Senior Management Team for approval by the Audit Committee and the Board. Actual results are compared to approved budgets on a monthly basis and reported quarterly to the Audit Committee and the Board. Cashflow forecasts are also presented to the Directors showing the Company's projected cash movements.

#### **Budgetary control**

Budgetary control is delegated to the executives who receive regular management accounts. The Company has in place an organisational structure with formally defined lines of responsibility. Day to day budgetary control is operated at service and department level by individual service managers or departmental managers or Directors.

#### **Competence**

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies necessary training needs.

#### **Review**

The Directors, through the Audit Committee, have reviewed the effectiveness of the Company's system of internal financial control in operation during 2000/2001.

The Company complies with the Housing Corporation's circular 18/96 "Internal financial control and financial reporting".

#### **AUDITORS**

A resolution to reappoint Smith & Williamson as the Company's auditors will be put to the forthcoming Annual General Meeting. Smith & Williamson have expressed their willingness to continue as the Company's auditors.

Approved by the Directors on 12<sup>th</sup> September 2001

and signed on their behalf by



Bill Puddicombe  
Company Secretary

## **PHOENIX HOUSE HOUSING ASSOCIATION**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES WITH RESPECT TO THE ACCOUNTS**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the income and expenditure of the Company for that period. In preparing those financial statements, the Directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. 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  
**Smith & Williamson**  
— • G r o u p • —

**Independent auditors' report to Phoenix House Housing Association**

**Audit report on the Directors' statement on internal financial controls**

In addition to our audit of the financial statements, we have reviewed the Directors' statement on pages 3 and 4 on the company's compliance with the Housing Corporation Circular R2-18/96 "Internal financial control and financial reporting" ("the Circular"). The objective of our review is to draw attention to non-compliance with the Circular.

**Basis of opinion**

We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the United Kingdom Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the company's system of internal financial control.

**Opinion**

With respect to the Directors' statement on internal financial control on pages 3 and 4, in our opinion the Directors have provided the disclosures required by the Circular and such statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

*Smith & Williamson*

*18 September 2001*

SMITH & WILLIAMSON  
Chartered Accountants

No 1 Riding House Street  
London W1A 3AS

The  
**Smith & Williamson**  
— • G r o u p • —

**Independent auditors' report to the members of Phoenix House Housing Association**

We have audited the accounts of Phoenix House Housing Association for the year ended 31 March 2001 on pages 8 to 22. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

**Respective responsibilities of the Directors and auditors**

As described on page 5, the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards and the relevant Statement of Recommended Practice.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its income and expenditure for the year then ended, and have been properly prepared in accordance with the Companies Act 1985 and Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords Determination 2000.

*Smith & Williamson*  
**Smith & Williamson**  
Chartered Accountants  
Registered Auditors

1 Riding House Street  
London  
W1A 3AS

Date 18 September 2001



**PHOENIX HOUSE HOUSING ASSOCIATION**  
**INCOME AND EXPENDITURE ACCOUNT for the year ended 31 MARCH 2001**

	Notes	2001 £	2000 £
TURNOVER	2	7,332,672	6,441,152
Operating costs	3	(7,520,222)	(6,338,916)
OPERATING SURPLUS		<b>(187,550)</b>	<b>102,236</b>
Surplus / (Deficit) on disposal of fixed assets		190	-
Other interest receivable and similar income	6	19,758	15,733
Other interest payable and similar charges	6	(11,709)	(3,832)
(DEFICIT) / SURPLUS FOR THE YEAR7		<b>(179,311)</b>	<b>114,137</b>
Income and expenditure account at beginning of the year		636,807	467,167
Transfer from designated reserves		55,764	55,503
(Deficit) / Surplus for the year		(179,311)	114,137
INCOME AND EXPENDITURE ACCOUNT CARRIED FORWARD		<b>513,260</b>	<b>636,807</b>

None of the Company's activities were acquired during the above two financial years. There were no recognised gains or losses other than those reported above.

# PHOENIX HOUSE HOUSING ASSOCIATION

## BALANCE SHEET as at 31 MARCH 2001

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets:			
Housing properties – cost less depreciation	8	2,603,995	1,960,518
Grants - Social housing	8	(605,715)	(605,715)
Grants - Other	8	(794,887)	(638,409)
Other tangible fixed assets	9	251,540	235,411
Investments	10	100	100
		<hr/>	<hr/>
		1,455,033	951,905
<b>CURRENT ASSETS</b>			
Debtors	11	688,924	682,054
Cash at bank and in hand		243,051	426,550
		<hr/>	<hr/>
		931,975	1,108,604
<b>CREDITORS: Amounts falling due within one year</b>	12	796,850	645,883
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		135,125	462,721
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,590,158	1,414,626
<b>CREDITORS: Amounts falling due after more than one year</b>	12	359,832	4,989
		<hr/>	<hr/>
		<b>1,230,326</b>	<b>1,409,637</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	-	-
Designated reserves	14	717,066	772,830
Income and expenditure account	14	513,260	636,807
		<hr/>	<hr/>
		<b>1,230,326</b>	<b>1,409,637</b>

The financial statements were approved by the Directors on 12<sup>th</sup> September 2001 and signed on their behalf by:

G. C. Hogg

J. Ashford

Directors

**PHOENIX HOUSE HOUSING ASSOCIATION**

**CASH FLOW STATEMENT for the year ended 31 MARCH 2001**

	Note	2001 £	2000 £
NET CASH INFLOW			
FROM OPERATING ACTIVITIES	A	83,758	229,393
Returns on investments and servicing of finance			
Interest received		19,758	15,733
Interest paid		(9,729)	(3,832)
Net cash inflow from returns on investments and servicing of finance		10,029	11,901
Capital expenditure			
Purchase of tangible fixed assets		(838,367)	(153,711)
Grants received		187,809	57,104
Disposal proceeds		7,824	-
Net cash outflow from capital expenditure		(642,734)	(96,607)
Net cash (outflow)/inflow before financing		(548,947)	144,687
Financing			
New loans		399,005	-
Repayment of loans		(33,557)	(19,963)
Net cash (outflow)/inflow from financing		365,448	(19,963)
(DECREASE) / INCREASE IN CASH	B	(183,499)	124,724

**PHOENIX HOUSE HOUSING ASSOCIATION**

**NOTES TO THE CASH FLOW STATEMENT for the year ended 31 MARCH 2001**

**A RECONCILIATION OF OPERATING (DEFICIT) / SURPLUS TO NET  
CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2001 £</b>	<b>2000 £</b>
Operating (deficit) / surplus	(187,550)	102,236
Depreciation charges	187,029	174,457
Release of capital grant	(47,233)	(26,331)
(Increase) in debtors	(6,870)	(77,027)
Increase in creditors	138,382	56,058
	<hr/>	<hr/>
Net cash inflow from operating activities	83,758	229,393
	<hr/>	<hr/>

**B ANALYSIS OF NET FUNDS**

	<b>At 1 April 2000 £</b>	<b>Cashflow £</b>	<b>At 31 March 2001 £</b>
Movement before loans	401,597	(548,947)	(147,350)
Loans	24,953	365,448	390,401
	<hr/>	<hr/>	<hr/>
Cash at bank and in hand	426,550	(183,499)	243,051
	<hr/>	<hr/>	<hr/>

## **PHOENIX HOUSE HOUSING ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001**

#### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the accounts of the Company.

##### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, with special regard to the Statement of Recommended Practice "Accounting by Registered Registered Social Landlords" (the "SORP") and comply with the Accounting Requirements for Registered Social Landlords General Determination 2000 (the "Determination").

##### **Tangible fixed assets**

Freehold and long leasehold housing properties are stated at cost less capital grants and capital donations and less any provision for any diminution in value, and less depreciation. Leasehold refurbishment costs are amortised over the period of the lease. The cost of land is not depreciated.

Other fixed assets are included at cost to the Company less depreciation, which is provided on a straight line basis over the periods shown below.

Motor vehicles	4 years
Computer hardware and software	3 years
Office & hostel furniture and equipment	5 years
Hostel electrical equipment	3 years
Freehold housing properties excluding land value and net of grants	50 years

##### **Social housing grant (SHG)**

Where developments have been financed wholly or partly by social housing grant, the cost of those developments has been reduced by the amount of the grant receivable. SHG is recognised when receivable.

Total SHG receivable in excess of the total cost to date of schemes in course of construction funded by it is shown as a current liability. Housing association grants are included under SHG headings.

##### **Fixed asset investment**

The fixed asset investment represents the entire issued share capital of the subsidiary company, Phoenix House (Live-in World) Limited. Group accounts have not been prepared because in the opinion of the Directors the results and assets and liabilities of the subsidiary are not material in relation to these accounts.

##### **Cyclical maintenance and internal decorations**

The costs of repairs, cyclical maintenance and internal decorations are recognised when work is performed.

## **PHOENIX HOUSE HOUSING ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)**

#### **1 Accounting policies (continued)**

##### **Designated reserves**

The Company has set aside specific reserves as detailed in note 14.

##### **Operating leases**

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the period of the lease.

##### **Taxation**

The Company is a registered charity and therefore is not subject to Corporation Tax on surpluses arising from charitable activities.

##### **Turnover**

Turnover represents the amounts received and receivable from statutory authorities including the Housing Corporation, and from trusts and other charitable donors, given to the charity to allow it to run residential care and other support services for the rehabilitation of problematic substance mis-users.

##### **Charitable income**

Charitable income is recognised when receivable. It is included within the Income and Expenditure account when spent; when unspent it is included in creditors as deferred income. Donations in kind are valued at their open market value at the time of receipt. Capital donations are deducted from the cost of fixed assets acquired.

##### **Statutory grants**

All revenue grants are credited to the Income and Expenditure Account when receivable. Capital grants (other than SHG) are deducted from the cost of the fixed asset acquired and amortised over the life of the asset. In addition, where the obligation to repay part or all of the grant expires after a period of time, that proportion of the unamortised grant is released to income when that time has been reached.

##### **Supported Housing Management Grant (SHMG)**

SHMG is payable by the Housing Corporation and contributes towards the cost of Phoenix House's activities. The amount credited to the Income and Expenditure Account has been evaluated in accordance with SHMG principles published by the Housing Corporation.

##### **Pension scheme**

Phoenix House operates a defined benefit scheme administered independently by the Pensions Trust. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Income and Expenditure Account in order to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

# PHOENIX HOUSE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)

### 2 Analysis of income

	2001 £	2000 £
Charges to statutory bodies	5,508,503	5,177,087
Losses from voids	(1,001,412)	(662,391)
	<hr/>	<hr/>
	4,507,091	4,514,696
Revenue grants from local authorities and other agencies	879,731	526,909
Charitable donations and sundry income	150,798	118,462
Revenue grants from the Housing Corporation and Scottish Homes	1,072,818	1,031,114
Income from prison contracts	722,234	249,971
	<hr/>	<hr/>
Total turnover	7,332,672	6,441,152
	<hr/>	<hr/>

Charges to statutory bodies includes £3,161,429 (2000: £3,185,779) relating to properties managed by, but not owned by, Phoenix House.

Included in revenue grants from local authorities and other agencies is £77,071 (2000: £29,593) receivable from the European Union Fund towards the funding of the London and Tyneside Pathways Schemes; £37,539 (2000:£2,000) from the Rough Sleepers Unit towards London Community Services; £25,722 (2000:£Nil) from the National Lottery and £19,056 (2000:£11,009) from the Single Regeneration Budget towards the Bexhill Multiple Needs Scheme; £7,650 (2000:£1,000) from South Yorkshire Police towards Sheffield Community Services and £9,500 (2000: £9,250) from the Northumbria Probation Office towards Tyneside Residential Services.

### 3 Analysis of expenditure

	2001 £	2000 £
Care	4,021,884	3,471,604
Services	997,815	844,946
Management	2,418,900	1,971,592
Routine maintenance	81,623	50,774
	<hr/>	<hr/>
	7,520,222	6,338,916
	<hr/>	<hr/>

### 4 Directors' emoluments

The Directors as defined in the Determination received emoluments (including pension contributions) during the year as follows:

2001 £	2000 £
155,367	219,753
<hr/>	<hr/>

# PHOENIX HOUSE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)

### 4 Directors' emoluments (continued)

	2001 £	2000 £
The remuneration of the Chief Executive* excluding pension contributions was	53,473	48,680

\* Not a director under the Companies Act or a member of the management committee.

The Chief Executive is a member of the industry-wide defined benefit salary scheme in which the Association participates. Further details are given in note 19. No special terms or conditions apply to his membership.

Directors who are members of the management committee do not receive any emoluments.

### 5 Employee information

The average monthly number of persons employed during the year was 229 (2000: 212) as shown below:

	2001 No.	2000 No.
Permanent staff - full time equivalent	180	164
Sessional staff (number)	49	48
<b>Staff costs</b>		
	£	£
Wages and salaries	4,362,043	3,765,854
Redundancy costs	-	3,048
Social security	365,430	303,363
Pension costs	147,793	130,460
	<u>4,875,266</u>	<u>4,202,725</u>

### 6 Interest

	2001 £	2000 £
Bank interest receivable	19,758	15,733
Interest payable	<u>11,709</u>	<u>3,832</u>

The interest payable represented interest on loans to acquire financial systems at an average rate of 11.4% and to fund the acquisition and refurbishment of the Brighton freehold property at 1.25% above base rate.



# PHOENIX HOUSE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)

### 7 (Deficit) / Surplus for the year

	2001 £	2000 £
The (deficit) / surplus is stated after charging:		
Depreciation of tangible fixed assets	187,029	174,457
Auditors' remuneration		
- in their capacity as auditors	12,280	9,046
- in respect of other services	10,135	1,450

Particulars of turnover, operating costs and operating surplus / (deficit) as required by the Determination are as follows:

	Turnover £	Operating costs £	Operating surplus / (deficit) £
Social Housing lettings	5,773,721	5,858,628	(84,907)
Non-residential activities	1,558,951	1,661,594	(102,643)
Total	7,332,672	7,520,222	(187,550)

Particulars of income and operating costs of Social Housing lettings are shown below:

	Supported Housing £	Residential Care Homes £	Total £
Charges from residents	102,325	4,406,264	4,508,589
Housing Corporation revenue grants	32,648	860,560	893,208
Other grants, donations and other income	61	371,863	371,924
Turnover from Social Housing lettings	135,034	5,638,687	5,773,721
Management	28,627	1,658,148	1,686,775
Services	21,540	802,507	824,047
Routine maintenance	1,221	80,215	81,436
Property lease charges	9,312	149,743	159,055
Depreciation of housing properties	-	16,034	16,034
Other costs	38,370	3,052,911	3,091,281
Operating costs on Social Housing lettings	99,070	5,759,558	5,858,628
Operating surplus / (deficit) on social housing lettings	35,964	(120,871)	(84,907)

# PHOENIX HOUSE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)

### 8 Housing properties

	Freeholds £	Short leaseholds £	Total £
<b>Cost</b>			
At 31 March 2000	1,882,694	109,611	1,992,305
Additions	659,511	-	659,511
Transfers	-	-	-
At 31 March 2001	2,542,205	109,611	2,651,816
<b>Social housing grants</b>			
At 31 March 2000	605,715	-	605,715
Receivable during the year	-	-	-
At 31 March 2001	605,715	-	605,715
<b>Other grants</b>			
At 31 March 2000	566,532	71,877	638,409
Receivable during the year	161,729	-	161,729
Amortised in year	-	(5,251)	(5,251)
At 31 March 2001	728,261	66,626	794,887
<b>Depreciation</b>			
At 31 March 2000	10,783	21,004	31,787
Charge for year	10,783	5,251	16,034
At 31 March 2001	21,566	26,255	47,821
<b>Net book value</b>			
At 31 March 2001	1,186,663	16,730	1,203,393
At 31 March 2000	704,915	11,479	716,394

The number of supported housing units in management at 31 March 2001 incorporated 302 (2000: 301) bedspaces and 81 (2000: 81) floating support units. A number of 213 bedspaces (2000: 212) were managed by Phoenix House but were in properties owned by other registered social landlords or other third parties.

If housing properties are disposed of, social housing grants are repayable to the Housing Corporation or subject to restrictions on use and included within creditors as part of a "Disposal Proceeds Fund", under most circumstances. Where a property is secured by way of legal charge, the social housing grant is subordinated and unsecured.

The Company's freehold property at Brighton was secured by way of legal charge in financing the acquisition and refurbishment of the Brighton property.

# PHOENIX HOUSE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)

### 9 Other fixed assets

	Office furniture & equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 31 March 2000	615,442	169,318	784,760
Additions	161,997	16,859	178,856
Disposals	(7,149)	(50,963)	(58,112)
At 31 March 2001	770,290	135,214	905,504
<b>Grants</b>			
At 31 March 2000	73,154	1,603	74,757
Receivable in year	26,080	-	26,080
Transfers	(20,032)	20,032	-
Amortised in year	(36,975)	(5,007)	(41,982)
At 31 March 2001	42,227	16,628	58,855
<b>Depreciation</b>			
At 31 March 2000	359,538	115,054	474,592
Charge for year	151,523	19,472	170,995
Disposals	(5,110)	(45,368)	(50,478)
At 31 March 2001	505,951	89,158	595,109
<b>Net book value</b>			
At 31 March 2001	222,112	29,428	251,540
At 31 March 2000	182,750	52,661	235,411

### 10 Fixed asset investment

	2001 £	2000 £
Investments in subsidiary undertaking		
Shares at cost	100	100

The investment is the entire issued share capital of Phoenix House (Live-in-World) Limited, incorporated in England. The subsidiary is not a registered social landlord and the principal activity of this company was the raising of funds through record promotion. Consolidated accounts have not been prepared because in the opinion of the Directors the subsidiary's results and assets and liabilities are not material to these accounts. On 31 March 1999 the Company acquired the business and net assets of Phoenix House (Live-in-World) Limited for £1.

**PHOENIX HOUSE HOUSING ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)**

**10 Fixed asset investment (continued)**

As at 31 March 2001, Phoenix House (Live-in-World) Limited had the following balances:

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Turnover	-	-
	<hr/>	<hr/>
Loss for the year	-	-
	<hr/>	<hr/>
Net assets	100	100
	<hr/>	<hr/>

**11 Debtors**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Arrears of charges due from statutory bodies	516,622	452,924
Less provision for bad debts	(20,000)	(20,000)
	<hr/>	<hr/>
	496,622	432,924
Other debtors	44,105	111,394
Prepayments and accrued income	148,197	137,736
	<hr/>	<hr/>
	688,924	682,054
	<hr/>	<hr/>

**12 Creditors**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Trade creditors	177,965	98,434
Current instalments on loan	30,569	19,964
Other creditors including taxation and social security costs	224,908	115,908
Accruals, deferred income, and capital grants in advance	363,408	411,577
	<hr/>	<hr/>
Amounts falling due within one year	796,850	645,883
	<hr/>	<hr/>

The average number of days credit taken from suppliers, based on the amount due to suppliers as at 31<sup>st</sup> March 2001, was 30 days (2000: 19 days).

## PHOENIX HOUSE HOUSING ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)

#### 12 Creditors (continued)

The amount of loans outstanding at 31 March 2001 was as follows:

	2001 £	2000 £
Amounts falling due within one year	30,569	19,964
Amounts falling due after more than one year	359,832	4,989
	<hr/>	<hr/>
	390,401	24,953
	<hr/>	<hr/>

#### 13 Share capital

The Company is limited by guarantee and has no equity or non-equity share capital.

Members of the Company guarantee to contribute a maximum of £1 should there be a call on their guarantee.

#### 14 Reserves

	Designated reserves £	Income and expenditure account £
Balance at 1 April 2000	772,830	636,807
Deficit for the year	-	(179,311)
Transfer from designated reserves	(55,764)	55,764
	<hr/>	<hr/>
Balance at 31 March 2001	717,066	513,260
	<hr/>	<hr/>
Analysis of designated reserves		
Property equity	675,000	
Information Technology	42,066	
	<hr/>	
	717,066	
	<hr/>	

The property equity reserve is a sum appropriated at the discretion of the Directors to reflect the amount of the company's reserves which arise from the donation of properties to the company.

The Information Technology reserve is a sum appropriated at the discretion of the Directors to reflect the cost of replacing financial information systems and of introducing new technology at the Company's service centres.

#### 15 Capital commitments

Capital commitments contracted for but not provided for at 31 March 2001 were £143,422 (2000: £Nil).

## PHOENIX HOUSE HOUSING ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)

#### 16 Incorporation

The Company is registered with the Housing Corporation and prepares its accounts under the Accounting Requirements for Registered Social Landlords General Determination 2000. It is incorporated under the Companies Act 1985 and registered in England and Wales.

#### 17 Operating leases

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases:

	2001		2000	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Expiry date:				
Within one year	-	4,160	18,886	1,062
Between one and two years	-	2,832	14,000	-
Between two and five years	-	-	-	6,235
After five years	81,986	-	81,486	-
	<hr/>	<hr/>	<hr/>	<hr/>
	81,986	6,992	114,372	7,297
	<hr/>	<hr/>	<hr/>	<hr/>

#### 18 Contingent liabilities

Phoenix House has received funding from the Department of Health of £274,317 towards the Wirral property and there are charges secured on the property of a further £125,000. The Company has also received £90,000 from the National Lottery Charities Board towards the capital costs of developing the Sheffield Family Centre. These amounts are repayable (in some cases varied by the current market value of the property) only if the property concerned is no longer used for the prescribed purposes or if it is sold. The Directors have no plans to discontinue using the properties for the prescribed purposes or to sell them, and consequently no provision has been made in these accounts for repaying any of these balances.

#### 19 Pensions

The Company participates in an industry-wide defined benefit final salary scheme. The latest full valuation of that scheme was at 30 September 1999.

The financial assumptions underlying that valuation were as follows:

	% per annum relative to inflation
(a) rate of salary increase	2.0
(b) rate of dividend growth	0.5
(c) rate of pension increase	0.0
(d) rate of returns on future contributions	4.0

## **PHOENIX HOUSE HOUSING ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2001 (Continued)**

#### **19 Pensions (continued)**

The accumulated assets of the scheme were assumed to earn the same return as if they had been invested in a portfolio comprising 100% UK equities for non-pensioner liabilities and 50 % UK equities/50% index linked gilts for pensioner liabilities.

At the date of the last valuation, the market value of the industry-wide scheme's assets was £595m. The valuation was completed using the "projected unit credit" method. The valuation has revealed an actuarial deficit of £19m (equivalent to a past service funding level of 97%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, was 9.3% of pensionable salaries. In view of the past service shortfall all employers are required to contribute at the rate of 10.6% of pensionable salaries in order to bring the value of assets and liabilities into balance.

The pension charge for the year is £147,793 (2000:£130,460 ).

There were outstanding contributions at 31 March 2001 payable to The Pensions Trust of £17,326 (2000: £15,211).

#### **20 Post balance sheet event**

On 1<sup>st</sup> April 2001 the Company acquired the business of Alpha House Limited as a going concern together with its assets, goodwill and records in consideration for £1. Alpha House operated as a drug rehabilitation service and currently has a maximum of 28 bedspaces.