



SOUTH LIVERPOOL HOUSING LIMITED

Report and Group Financial Statements

Year Ended 31 March 2002

Registered at Companies House Number 3550000

**Registered with the Housing Corporation as a Social
Landlord Number L4230**



REPORT AND GROUP FINANCIAL STATEMENTS

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Company Information



Corporate Framework

South Liverpool Housing was set up to receive the transfer of homes across Speke and Garston from Liverpool City Council.

After wide consultation with the local community, employees, stakeholders, partners and local agencies the following statement was agreed. It sets out our role - which is:

Making Speke and Garston a better place to live and work by:

- ◆ Providing affordable, warm homes improved and maintained to a modern standard;
- ◆ Creating a safe and pleasant environment where people want to live;
- ◆ Responding firmly and fairly to anti-social behaviour;
- ◆ Building the local economy and community particularly through its young people;
- ◆ Providing excellent services with staff who are helpful, knowledgeable and willing to listen;
- ◆ Managing neighbourhoods in a caring and responsive way and using our influence and innovation to bring about lasting regeneration.

We will do this in active partnership with all those committed to both the long-term sustainable regeneration and neighbourhood renewal of this part of Liverpool.

REPORT AND GROUP FINANCIAL STATEMENTS

Company Information



Board Members, Executive Officers, Advisors and Bankers:

Chair	Catherine Meredith
Other Members:	Diane Bemand Mike Birkett (served from 12 March 2002) Fran Button (served from 12 March 2002) Anthony Crisp Christine Darbyshire (served until 14 August 2001) David Green Danny Hughes (resigned 20 November 2001) Erica Kemp (served until 14 August 2001) Eric O'Hara Mavis Morgan Frank Roderick (served from 14 August 2001) George Smith (resigned 20 November 2001) Mark Soundie Barbara Southern John Williams Dr Geoffrey Woodcock

All Board members have served on the Board throughout the period from 1 April 2001 to 31 March 2002 except where indicated.

Additionally for part of the year four people served as observers on the basis of their valuable skills and experience. These observers can take part in the debate and discussion as well as offering advice but are not formally able to vote on decisions that the Board makes. They are:

Gina Bergin (observer from 12 March 2002)
Kevin Firth (observer from 20 November 2001)
Alistair Sunderland (observer from 12 March 2002)
John Wilberforce (observer from 12 March 2002)

REPORT AND GROUP FINANCIAL STATEMENTS

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Executive Officers:

Chief Executive and Company Secretary	Matthew Gardiner
Director of Development	Stephen Nettleton (left 8 August 2002)
Director of Finance	Bob Taylor (left 26 May 2002) Shendi McGreen (started 1 July 2002)
Director of Neighbourhood Services	Clare Budden

All Executive Officers were employed throughout the period 1 April 2001 to 31 March 2002 except where indicated above.

Registered Office:	Parklands Speke Liverpool L24 0TY	
Main Business Premises:	Speke Office Parklands Speke Liverpool L24 0TY	Garston Office 4 Sidwell Street Garston Liverpool L19 2JU
External Auditors:	RSM Robson Rhodes Colwyn Chambers 19 York Street Manchester M2 3BA	
Internal Auditors:	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE	
Principal Solicitors:	Trowers & Hamlins Sceptre Court 40 Tower Hill London EC3N 4DX	

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Company Information



Principal Bankers: National Westminster Bank
 Liverpool City Office
 22 Castle Street
 Liverpool
 L2 0UP

Principal Lenders: Britannia Building Society
 Britannia House
 Leek
 Staffordshire
 ST13 5RG

South Liverpool Housing is registered with the Housing Corporation as a social landlord number L4230.

South Liverpool Housing is registered at Companies House number 3550000

REPORT AND GROUP FINANCIAL STATEMENTS



Report of the Board

The Board is pleased to present its report and the audited financial statements for the year ended 31 March 2002.

The period of account

These accounts cover the year 1 April 2001 to 31 March 2002.

The Company

South Liverpool Housing (SLH) is a not-for-profit, non-charitable organisation administered by a Board who receive no payment for their services. It is a company limited by guarantee under the Companies Act 1985 and is registered as a Social Landlord with the Housing Corporation. SLH operates within the Speke and Garston areas of Liverpool delivering services from two local offices, one in Speke and the other in Garston.

SLH also has a wholly owned subsidiary – South Liverpool Regeneration Limited (SLR), set up in March 2000. SLR is registered as an Industrial and Provident Society and has charitable status. It is not registered with the Housing Corporation.

Principal Activities

The principal activity is the provision of affordable rented accommodation for people in housing need. The SLH Group, however, has a wider remit and that is to contribute to the overall sustainable regeneration of the area through the development and support of appropriate activities and initiatives.

Business Review

The initial stock transfer from Liverpool City Council was supported by 'Estates Renewal Challenge Fund' grant from the Government. Grants totalling £39.6 million have all been received by SLH and have provided a significant contribution towards:

- ◆ The major improvement and refurbishment programme;
- ◆ Sustainable Regeneration activities;
- ◆ Physical improvements to the area's environment.

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Report of the Board



Highlights of the year include:

- ◆ The continuation of the 5 year major improvement and refurbishment programme with total spending during the year on repairs and improvements of £20.3 million.
This has included during the year:
 - 808 homes receiving whole house improvements including central heating;
 - 585 additional homes fitted with Central Heating systems;
 - 130 homes having a new roof;
 - 587 empty properties being repaired and/or improved;
 - 14,030 repairs carried out to our homes.
- ◆ The completion of £142,800 of work on adaptations to homes where tenants have disabilities.
- ◆ The demolition of 93 properties which had been unoccupied and derelict for several years and were beyond economic repair. These properties were the focus of vandalism and anti-social behaviour in the area.
- ◆ We have successfully used a variety of preventative and punitive measures against the small number of residents whose behaviour is the cause of complaints from many local people.
- ◆ Successfully developed and delivered several community based regeneration projects. SLH is proud to report that it was awarded the BURA 'Best Practice in Regeneration Award for 2001' together with partner organisations Speke Garston Partnership and Speke Garston Development Company. Our projects have included:
 - the CLOSER project where over 500 people have contributed to developing and delivering 6 arts and culture projects in 6 different locations in Speke and Garston;
 - a Community Awards celebration in November 2001 attended by 170 people with 100 nominations received for awards;
 - a new Community Participation Strategy, developed with local residents to strengthen the input of local people in our activities;

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Report of the Board

- co-ordinating with over 20 other agencies an area 'Youth Delivery Plan' promoting joint working between youth agencies and young people. Next year will see the document's proposals being implemented.

In the final quarter of the year 2001/2002, SLR commenced the 'Key' project. It's aims include:

- ◆ Creating and developing a Community based website with access to a range of services within the area;
- ◆ Providing I.T. training for the Community through locally based learning centres;
- ◆ Providing residents with set top boxes that will enable them to access both the Internet and Local Services from their homes.

It is envisaged that the Key Project along with other new projects will continue into next year.

For the year ended 31 March 2002, the Company made a deficit of £2,187,000 (Group £2,157,000). This deficit was charged against Revenue Reserves and was within the overall total approved budget and business plan for the period.

SLH's five year repair and improvement programme, which will be partly funded by borrowing, means that the Company is likely to be budgeting for and making deficits for several years to come. Once the programme of improvements is completed SLH expects to be in a position to repay loans and move into surplus. This is in line with the majority of stock transfer organisations nationally.

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Report of the Board



A number of key statistics for comparison over time have been compiled in order to allow SLH's progress to be assessed. These are reproduced below:

Key Statistics (Group)

	<u>2001/2002</u>	<u>Year</u> <u>2000/2001</u>	<u>1999/2000</u>
Gross Turnover for the year (£000's)	9,249	8,597	4,030
Gross Rent Arrears at the end of the year (£000's) * ¹	1,947	1,908	1,606
Repairs and Improvements Value Carried out during the year (£000's)	20,366	15,771	3,058
<u>ERCF Grants</u> * ²			
Grants Received – Cumulative (£000's)	39,569	39,515	21,454
Grants Used (Applied) – Cumulative (£000's)	22,974	10,358	550
Balance to be used (Applied) (£000's)	<u>16,595</u>	<u>29,157</u>	<u>20,904</u>
Number of void (empty) properties at end of year	229	372	554
Total number of properties at end of year * ³	4,126	4,258	4,361
Total number of properties let during the year	506	410	212

Notes

- *¹ SLH acquired £1.266m of current tenancy rent arrears from the City Council at the date of transfer on 4 October 1999.
- *² The total ERCF grant support was £44m of which £39.6m was paid to SLH and the remaining £4.4m paid to the City Council to enable it to set up the Company.
- *³ The 2001/2002 property numbers include 137 properties on which no rent debit was being raised. These properties were empty and had been formally approved by the Board for demolition.

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Report of the Board



Commitment to Partnership Working

The Board recognises that the successful regeneration of the Speke and Garston areas can only be achieved through co-operation and co-ordination of the activities being carried out by a number of authorities and agencies working in the area.

The Board is pleased to report that in order to achieve its aims it is working closely in partnership with a number of agencies operating within the area including Liverpool City Council, the new South Liverpool Cluster Partnership, the Speke Garston Partnership, the Speke Garston Development Company, the Education Action Zone, Surestart, and the Fire and Police Services.

Members of the Board and Executive Officers

The names of Board Members and Executive Officers are shown on Pages 2 and 3. The Board consists of 15 non-executive members. 5 are 'Independent' members, 5 are 'Tenant' members and 5 are 'Local Authority Nominees'. Of the Independent members, 2 are required to stand down and, if they desire, seek reappointment annually. Tenant representatives are selected via a local tenant election process and 2 Tenant representatives are required to stand down annually and, if they desire, seek re-election. The Local Authority has 5 nominations to the Board and can amend nominees at any time. The Local Authority during the year agreed that one of their 5 nominations would be reserved for a Tenant Representative to allow SLH to have 6 Tenant representatives with 2 each elected from the three areas of East Speke, West Speke and Garston.

Additionally for part of the year four people served as observers on the basis of their valuable skills and experience. These observers can take part in the debate and discussion as well as offering advice but are not formally able to vote on decisions that the Board makes.

Bob Taylor, the Director of Finance resigned on 26 May 2002. Shendi McGreen, his replacement started on 1 July 2002. Stephen Nettleton, the Director of Development resigned on 8 August 2002.

The Executive Officers act as executives within the authority delegated by the Board.

REPORT AND GROUP FINANCIAL STATEMENTS

Report of the Board



Employees

The Board believes that SLH's success is linked to the quality and commitment of its employees. The Company's ability to meet its objectives and commitments to tenants, the community and its wider stakeholders in an efficient and effective way depends upon the contribution of its employees. Information on the Company's objectives, progress and activities are shared through regular briefings and meetings.

SLH has a competency based appraisal system linked to the Company's agreed objectives and priorities. Staff and managers have regular joint reviews of progress throughout the year. The appraisal system informs the Company's formal training plan reflecting the training needs of employees to enable them to deliver SLH's objectives. SLH has carried out a comprehensive staff IT training programme and this will continue recognising the importance of IT in helping deliver services

SLH is committed to Equal Opportunities and Diversity in the recruitment and retention of all of its employees. SLH welcomes applications for employment from disabled people, who are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort would be made to enable the person to be re-trained in order that their employment within the Company could continue. It is SLH's policy that training, career development and promotion opportunities should be available to all employees.

Going Concern

After making inquiries, the Board has a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Post Balance Sheet Events

We consider that there have been no events since the financial year end which have had an important effect on the financial position of the group.

REPORT AND GROUP FINANCIAL STATEMENTS



Report of the Board

Single European Currency

SLH's existing accounting system will be capable of accommodating the Euro if and when the UK decides to participate in the single currency.

Insurance

SLH maintains insurance policies for Members and Executive Officers against liabilities in relation to the Company.

Donations, Sponsorship and Support to local agencies

SLH has made the following contributions during the year:

- ♦ £198,113 of support to local agencies funded from ERCF Grant under a joint funding arrangement with the Speke Garston Partnership. SLH supports local agencies within a total sum agreed by the Board where the agency's aims and objectives fit closely with its own;
- ♦ £17,327 of donations and sponsorship to local agencies and groups of which £14,889 was funded from the ERCF Grant.

External Auditors

SLH's External Auditors, RSM Robson Rhodes, are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

The Report of the Board was approved on 3 September 2002 and signed on its behalf by:

Chair of the Board:

Date:

A large, stylized handwritten signature in black ink, likely belonging to the Chair of the Board, is written over the signature line.

REPORT AND GROUP FINANCIAL STATEMENTS



Governance

NHF Code of Governance

The Board are pleased to report that SLH complies with the principal recommendations of the NHF Code of Governance as revised and reissued in January 2000. The Board is totally committed to integrity and accountability in the stewardship of the Company's affairs.

The Board wishes to encourage tenants to participate in the running of SLH and to stand for election to become Tenant Board members. SLH through its Community Development Team have been involved throughout the year on a range of Tenant participation activities aimed at encouraging more tenants to take an active part in the running of the Company.

The Board delegates authority to a number of Committees each having its own Terms of Reference. These Committees are firmly established.

Committees of the Board

The Board has three Committees with delegated decision making duties and responsibilities – Audit and Quality Committee, Finance Committee and Staffing Committee.

The Audit and Quality Committee has 6 members - 2 independent, 2 tenant and 2 local authority nominees. Its duties and responsibilities include:

- ◆ Considering Internal Audit reports and findings and monitoring progress;
- ◆ Ensuring a risk assessment or review is carried out on an annual basis;
- ◆ Advising the Board on the appointment or dismissal of Internal and External Auditors.

The Finance Committee has 6 members – 2 independent, 2 tenant and 2 local authority nominees. Its duties and responsibilities include:

- ◆ Considering detailed budgets to recommend to the Board;
- ◆ Considering the quarterly Management Accounts;
- ◆ Monitoring the Company's Business Plan;
- ◆ Monitoring and recommending to the Board the Company's Information Systems Strategy;
- ◆ Monitoring the Company's loans and investment portfolio.

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Governance

The Staffing Committee also has 6 members – 2 independent, 2 tenant and 2 local authority nominees. Its duties and responsibilities include:

- ◆ Determining and recommending to the Board employment and staffing policies;
- ◆ Agreeing the Company's remuneration policy;
- ◆ Recommending to the Board the appointment or dismissal of the Chief Executive;
- ◆ Agreeing salary levels of the Chief Executive and Directors of Development, Finance and Neighbourhood Services;
- ◆ Reviewing the Company's pension arrangements.

Additionally the Board has agreed 3 Community Focus Groups (CFG's), one each for East Speke, West Speke and Garston. The CFG's consist of tenants, residents and representatives of local organisations operating within the area. The Groups receive reports for discussion and consultation prior to formal reports being considered by the Board. The Groups collectively receive quarterly performance information about SLH's activities within the Speke and Garston areas.

Internal Controls Assurance

Under the requirements of Housing Corporation Circular 25/01 "Internal Controls Assurance", the Board will be required to issue a report on the Group's system of internal control for the accounting period ending 31 March 2003. The report, which will be based on an annual review of the effectiveness of all the Group's systems of internal control, will replace the report on internal financial control.

The Board has always taken a wider view in monitoring and assessing all internal controls and has actively promoted risk awareness and risk management generally. The Board has received an annual report on the Group's internal control system.

However in order to ensure full compliance with the requirements of the Circular the Board has taken or is taking the following actions:

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- ◆ The Board has formally approved the Chief Executive as responsible reporting officer for internal controls, with the requirement for an annual report on internal controls assurance.
- ◆ The Audit and Quality Committee will receive half yearly reports to allow assessment that the whole system of internal control is operating consistently and continues to be effective.
- ◆ The Company will carry out a formal risk review aimed at reviewing risks identified in the current risk management document and in incorporating the risk assessments already carried out on new initiatives and services development.

The above action is additional to the monitoring and review of internal control arrangements and the implementation of improvements to the system that are already in place.

Internal Financial Controls

In accordance with Housing Corporation circular 18/96, "Internal Financial Control and Financial Reporting", the Board acknowledges its responsibilities for the organisations' system of Internal Financial Control. It should be recognised that such a system can only provide reasonable, but not absolute assurance regarding:

- ◆ The safeguarding of assets against unauthorised use or disposal;
- ◆ The maintenance of proper accounting records;
- ◆ The reliability of financial information used within the business or for publication;
- ◆ The minimisation and control of significant risks to the Company.

The Board, with the support of its Executive Officers, has reviewed the effectiveness of the Company's Internal Financial Control system for the period 1 April 2001 to the date of this report.

The Company has the following mechanisms in place which are designed to provide effective internal control:

- ◆ A clearly defined management and reporting structure;

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- ◆ Financial Regulations and key procedures for staff;
- ◆ The production of monthly performance information and management accounts for monitoring and review;
- ◆ A 5 year Corporate Plan for the Company approved and in place supported by an Annual Plan for the year allocating the main tasks and priorities to senior staff;
- ◆ Approval by the Board of an annual budget with half year Reforecast exercise undertaken;
- ◆ A 30 year Financial Business Plan;
- ◆ Monitoring of the control system by the Audit and Quality Committee, Internal Auditors and Management Review;
- ◆ A Risk Management Strategy approved by the Board with new initiatives subject to a full risk assessment;
- ◆ Its own core 'Community Management System' designed to reflect the Company's revised processes and reporting requirements.

The Board is of the opinion that no weaknesses in internal control have arisen which resulted in any material losses, contingencies or uncertainties that would require disclosure.

Statement of the responsibilities of the Board for the Financial Statements

Company and Registered Social Landlord legislation requires the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and Company and of the surplus or deficit of the Group and Company for the period. In preparing the financial statements, the Board has:

- ◆ Selected suitable accounting policies and applied them consistently;

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Governance

- ◆ Made judgements and estimates that are reasonable and prudent;
- ◆ Followed applicable accounting standards and the 1999 Statement of Recommended Practice: "Accounting by Registered Social Landlords", and
- ◆ Prepared the financial statements on a going concern basis.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Companies Acts, paragraph 17 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000.

It is also responsible for maintaining an adequate system of internal control and safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Report on Governance was approved on 3 September 2002 and signed on its behalf by:

Chair of the Board:

Date:

A large, stylized handwritten signature in black ink, written over a horizontal line.

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Independent Auditors' Report to the Members of South Liverpool Housing



We have audited the financial statements on pages 19 to 51.

Respective responsibilities of the board and auditors

The Board is responsible for preparing the Report of the Board and the Governance Report and other information contained in the Annual Report and, as described on pages 14 to 16 the Board is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 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 Report of the Board and the Governance Report are not consistent with the financial statements, if the Group and association have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group and Company is not disclosed.

We review the Governance statement on pages 14 to 16 on the Group's compliance with Housing Corporation Circular R2 - 18/96 'Internal Financial Control and Financial Reporting'. We report whether the Board has provided the disclosures required by the Circular and whether the statement is not inconsistent with information of which we are aware from our audit of the financial statements. We are not required to express any opinion on the effectiveness of the Group's system of internal financial control.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

REPORT AND GROUP FINANCIAL STATEMENTS

Independent Auditors' Report to the Members of South Liverpool Housing



Basis of 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's and 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and Company's as at 31 March 2002 and of the Group's and Company's deficit for the year then ended and have been properly prepared in accordance with the Companies Acts, the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2000.

With respect to the board's statement on internal financial controls on pages 14 to 15, in our opinion the board has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

A handwritten signature in cursive script, appearing to read 'RSM Robson Rhodes'.

RSM Robson Rhodes

Chartered Accountants and Registered Auditor
Manchester

3.9.02

REPORT AND GROUP FINANCIAL STATEMENTS

Consolidated Income and Expenditure Account for year ended 31 March 2002



	<u>Note</u>	<u>31 March 2002</u> <u>£000</u>	<u>31 March 2001</u> <u>£000</u>
Turnover: continuing activities	2	9,249	8,597
Operating Costs	2	13,213	11,393
Operating (Deficit): continuing activities	5	<u>(3,964)</u>	<u>(2,796)</u>
Surplus on sale of fixed assets housing properties	6	549	371
Interest receivable and other income	7	1,318	1,833
Interest payable and similar charges	8	(60)	(59)
(Deficit) on ordinary activities		<u>(2,157)</u>	<u>(651)</u>
Tax on deficit on ordinary activities	11	-	-
(Deficit) for the financial year	19	<u>(2,157)</u>	<u>(651)</u>
Revenue reserve at 1 April 2001		17	668
Revenue reserve at 31 March 2002		<u>(2,140)</u>	<u>17</u>

There were no recognised surpluses or deficits other than those recognised in the income and expenditure account.

REPORT AND GROUP FINANCIAL STATEMENTS

Company Income and Expenditure Account for year ended 31 March 2002



	Note	<u>31 March 2002</u> <u>£000</u>	<u>31 March 2001</u> <u>£000</u>
Turnover: continuing activities	2	9,160	8,597
Operating Costs	2	13,124	11,393
Operating (Deficit): continuing activities	5	<u>(3,964)</u>	<u>(2,796)</u>
Surplus on sale of fixed assets housing properties	6	549	371
Interest receivable and other income	7	1,288	1,790
Interest payable and similar charges	8	(60)	(59)
(Deficit) on ordinary activities before taxation		<u>(2,187)</u>	<u>(694)</u>
Tax on deficit on ordinary activities	11	-	-
(Deficit) for the financial year	19	<u>(2,187)</u>	<u>(694)</u>
Revenue reserve at 1 April 2001		(676)	18
Revenue reserve at 31 March 2002		<u>(2,863)</u>	<u>(676)</u>

There were no recognised surpluses or deficits other than those recognised in the income and expenditure account.

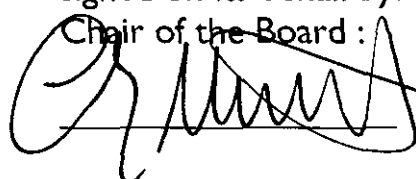
REPORT AND GROUP FINANCIAL STATEMENTS

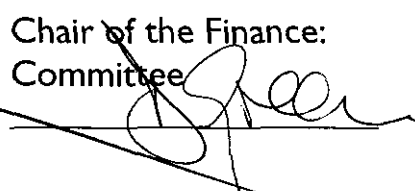
Consolidated Balance Sheet as at 31 March 2002

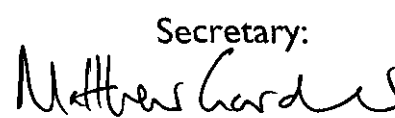


	<u>Note</u>	<u>31 March 2002</u> <u>£000</u>	<u>31 March 2001</u> <u>£000</u>
Tangible fixed assets			
Housing Properties	12	21,955	9,944
Less: Social Housing Grant	12	(21,955)	(9,944)
Other tangible fixed assets	12	414	318
		<u>414</u>	<u>318</u>
Current assets			
Housing Properties	14	-	-
Debtors	15	927	1,136
Investments	16	18,592	32,070
Cash at bank and in hand		23	281
		<u>19,542</u>	<u>33,487</u>
Creditors : amounts falling due within one year	17	19,377	18,842
Net current assets		<u>165</u>	<u>14,645</u>
Total assets less current liabilities		<u>579</u>	<u>14,963</u>
Creditors : amounts falling due after more than one year	17	2,719	14,946
Capital and reserves			
Revenue Reserve	19	(2,140)	17
		<u>579</u>	<u>14,963</u>

These statements were approved by the Board on the 3 September 2002 and were signed on its behalf by:

Chair of the Board : 

Chair of the Finance:
Committee 

Secretary: 

REPORT AND GROUP FINANCIAL STATEMENTS

Company Balance Sheet as at 31 March 2002



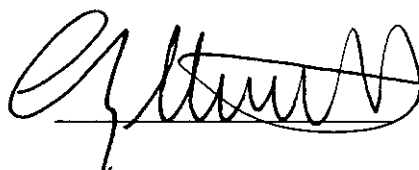
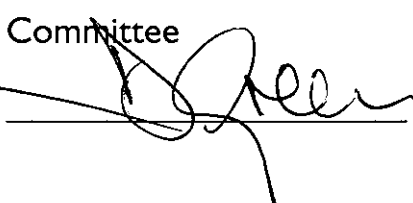

		<u>31 March 2002</u>	<u>31 March 2001</u>
	<u>Note</u>	<u>£000</u>	<u>£000</u>
Tangible fixed assets			
Housing Properties	12	21,955	9,944
Less: Social Housing Grant	12	(21,955)	(9,944)
Other tangible fixed assets	12	320	318
		<u>320</u>	<u>318</u>
Current assets			
Housing Properties	14	-	-
Debtors due within one year	15	965	1,121
Investments	16	17,870	31,420
Cash at bank and in hand		22	253
		<u>18,857</u>	<u>32,794</u>
Creditors : amounts falling due within one year	17	19,321	18,842
Net current (liabilities)/assets		<u>(464)</u>	<u>13,952</u>
Total assets less current liabilities		<u>(144)</u>	<u>14,270</u>
Creditors : amounts falling due after more than one year	17	2,719	14,946
Capital and reserves			
Revenue Reserve	19	(2,863)	(676)
		<u>(144)</u>	<u>14,270</u>

These statements were approved by the Board on the 3 September 2002 and were signed on its behalf by:

Chair of the Board :

Chair of the Finance:
Committee

Secretary:

REPORT AND GROUP FINANCIAL STATEMENTS

Consolidated Cash Flow Statement



		<u>2002</u>		<u>2001</u>	
	<u>Note</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net cash (outflow) from operating activities	20a		(6,055)		(1,914)
Returns on investments and servicing of finance					
Interest received		1,711		1,444	
Interest paid		(59)		(58)	
Net cash inflow from returns on investments and servicing of finance			1,652		1,386
Taxation					
UK corporation tax paid			-		-
Capital expenditure and financial investment					
Net proceeds from sale of housing property		570		371	
Improvement in Housing stock		(10,846)		(8,171)	
Non housing additions		(158)		(425)	
Receipt of Social Housing Grant		54		18,060	
Receipt of Other Grants		1,047		662	
Net cash (outflow)/inflow on capital expenditure and financial investment			(9,333)		10,497
Management of liquid resources					
Purchase of current asset investments			13,478		(9,875)
(Decrease)/increase in cash	20b,c		(258)		94

REPORT AND GROUP FINANCIAL STATEMENTS

Company Cash Flow Statement



		<u>2002</u>		<u>2001</u>	
	<u>Note</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net cash (outflow) from operating activities	20a		(6,055)		(1,914)
<i>Returns on investments and servicing of finance</i>					
Interest received		1,666		1,416	
Interest paid		(59)		(58)	
Net cash inflow from returns on investments and servicing of finance			<u>1,607</u>		<u>1,358</u>
<i>Taxation</i>					
UK corporation tax paid			-		-
<i>Capital expenditure and financial investment</i>					
Net proceeds from sale of housing property		570		371	
Improvement in Housing stock		(10,846)		(8,171)	
Non housing additions		(158)		(425)	
Gift aid payment to SLR				(150)	
Receipt of Social Housing Grant		54		18,060	
Receipt of Other Grants		1,047		662	
Net cash inflow on capital expenditure and financial investment			<u>(9,333)</u>		<u>10,347</u>
<i>Management of liquid resources</i>					
Purchase of current asset investments			13,550		(9,725)
(Decrease)/increase in cash	20b,c		<u>(231)</u>		<u>66</u>

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



I. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's Financial Statements:

◆ Basis of Accounting

The Financial Statements of the Group and Company are prepared under the historical cost convention in accordance with applicable accounting standards and the 1999 Statement of Recommended Practice for Accounting by Registered Social Landlords. The financial statements comply with the Accounting Requirements for Registered Social Landlords General Determination 2000.

◆ New Accounting Standards

FRS 19 "Deferred Tax" has been adopted for the first time in these financial statements. Comparative figures have been restated to be consistent with the new accounting policy for deferred tax that is described below.

FRS 18 "Accounting Policies" has been adopted for the first time in these financial statements. It has not resulted in any further changes in policy as, after careful review, the board is satisfied that the other current accounting policies are the most appropriate for the Group and Company.

FRS 17 "Retirement Benefits" need not be applied in full until the 2004 accounts, so pension costs have been accounted for under SSAP 24. Some additional disclosures are given as required by FRS 17 and these are shown in note 21.

◆ Turnover

Turnover comprises rental income received in the year; other services included at the invoiced value of goods and services supplied in the year; and revenue grants.

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



- ◆ **Basis of Consolidation**
The group financial statements consolidate the financial statements of the Company and its subsidiary at 31 March 2002.
- ◆ **Depreciation of Housing Properties**
Freehold land is not depreciated. Depreciation is 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 proportion Social Housing Grant, and other grants less residual value. The Company's housing properties are depreciated at the following rates from 1 April 1999 :-

Houses	2% per annum
Flats	2% per annum

- ◆ **Impairment**
All properties are currently depreciated over 50 years, however, houses built since 1980, if depreciated over a period in excess of 50 years, would be in accordance with Financial Reporting Standard No 11 and the 1999 SORP, subject to impairment reviews annually. Therefore assets will be 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.

- ◆ **Social Housing Grant**
Social Housing Grant (SHG) is receivable from the Housing Corporation and is utilised to reduce the capital costs of housing properties. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



housing property. SHG due from the Housing Corporation 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 Housing Corporation. SHG released on sale of a property is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in Creditors.

SHG shown in the accounts solely comprises of ERCF grant received from the Housing Corporation to be spent on capital improvements, regeneration activities and environmental expenditure.

- ◆ Other tangible fixed assets
These assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic life of the asset to its expected residual value.

The expected economic lives of assets are as follows:

Office Premises	-	50 years
Fixtures and Fittings	-	3 years
Computer Equipment	-	3 years
Commercial Vehicles	-	5 years

- ◆ Capitalisation of Major Repairs
The Company's policy is to assess on a contract basis the items of expenditure that are deemed to be improvements and therefore increase the rental value of the property or reduce the future maintenance costs of the property. The values of such items of expenditure are capitalised.

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



◆ Pension Costs

Retirement benefits to employees of the Company are provided by the Merseyside Pension Fund for employees who were members prior to 4 October 1999. For employees after 4 October 1999, retirement benefits are provided by the Pensions Trust.

Both schemes are defined benefit schemes, which are externally funded, and contracted out of the State Earnings Related Pension Scheme.

Contributions to the schemes are charged to the Income and Expenditure Account so as to spread the cost of pensions over employee's working lives with the Company in such a way that the pension cost is a substantially level percentage of current and future pensionable pay.

The contributions are determined by qualified actuaries on the basis of regular valuations using the protected unit method.

◆ Provisions

The Company's policy is to provide for material liabilities and charges as soon as possible and reflect these within the Financial Statements.

◆ Investments

The value of current investments is shown within the Financial Statements at the lower of cost or net realisable value.

◆ Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax liabilities are discounted to reflect the time value

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



of money. Discount rates used are the post-tax yields to maturity at the balance sheet date on government bonds with maturity dates between 40 and 50 years.

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, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

Previously under SSAP 15 provision was only made for deferred taxation, on an undiscounted basis, if it was probable that the tax would be payable in the foreseeable future.

◆ **VAT**

The Group charged value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The Financial Statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Customs and Excise. The balance of VAT recoverable is included as a current asset.

◆ **Taxation**

The charge for taxation is based on surpluses arising on certain activities, which are liable to tax.

◆ **Service Charge Sinking Funds**

The value of Service Charge sinking funds is included within the Company's Balance Sheet as creditors.

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002

2 Turnover, Operating Costs and Operating Deficit: continuing activities Group

			<u>2002</u>		<u>2001</u>
	Turnover	Operating Costs	Operating (Deficit)	Turnover	Operating Costs
	£000s	£000s	£000s	£000s	£000s
<u>Social Housing</u>					
<u>Lettings</u>					
Income & Expenditure from Lettings (Note 3)	8,488	12,520	(4,032)	8,211	11,007
Other Income and Expenditure	761	693	68	386	386
	<u>9,249</u>	<u>13,213</u>	<u>(3,964)</u>	<u>8,597</u>	<u>11,393</u>
					<u>(2,796)</u>

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



2 Turnover, Operating Costs and Operating Deficit: continuing activities Company

	<u>2002</u>		<u>2001</u>	
	Turnover	Operating Costs	Operating (Deficit)	Operating Costs
	£000s	£000s	£000s	£000s
<u>Social Housing</u>				
<u>Lettings</u>				
Income & Expenditure from Lettings (Note 3)	8,488	12,520	(4,032)	11,007
Other Income and Expenditure	672	604	68	386
	<u>9,160</u>	<u>13,124</u>	<u>(3,964)</u>	<u>11,393</u>
			<u>(2,796)</u>	

The Group did not undertake any material non-social housing activities during the year ended 31 March 2002, or the previous period ended 31 March 2001 and therefore these have not been separately disclosed.

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



3 Turnover, Operating Costs and Operating Deficit on Lettings

Details of Income and Expenditure from Social Housing Lettings

	<u>Group and Company 2002</u>	<u>Group and Company 2001</u>
Turnover from Social Housing Lettings		
Rent receivable net of service charges	9,090	9,061
Service Charges Receivable	19	25
Gross Rents Receivable	9,109	9,086
Less: rent losses from voids	(621)	(875)
Net rent receivable	8,488	8,211
Total Income from Social Housing Lettings	8,488	8,211
Expenditure on Social Housing Lettings		
Services	19	25
Management	4,039	3,833
Routine Maintenance	3,439	2,591
Major Repairs Expenditure	4,790	3,987
Rent Loss from Bad Debts	233	571
Total Expenditure on Social Housing Lettings	12,520	11,007
Operating deficit on Social Housing lettings	(4,032)	(2,796)

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



All turnover, operating costs and operating deficit on lettings relate to General needs properties.

Details of Income and Expenditure from non-social housing lettings.

The Group did not undertake any material non-social housing activities for the year ended 31 March 2002 (2001: NIL).

In respect of Service Charges on General Needs Accommodation

	<u>Group & Company</u> <u>2002</u> <u>£000</u>	<u>Group & Company</u> <u>2001</u> <u>£000</u>
Payable by those eligible for Housing Benefit	16	23
Payable by those not eligible for Housing Benefit	3	2
Gross Rents Receivable	<u>19</u>	<u>25</u>

Average Assured Tenancy Rent

	<u>Group & Company</u> <u>2002</u> <u>£</u>	<u>Group & Company</u> <u>2001</u> <u>£</u>
Average weekly rent	48.22	41.43

The Company applied a 3.9% increase to all rents from 1 April 2001. Property lettings to new tenants are charged at a higher rate than those charged to existing tenants as at 4 October 1999.

REPORT AND GROUP FINANCIAL STATEMENTS



Notes to the accounts for the year ended 31 March 2002

4 Accommodation in Management

<u>Social Housing</u>	<u>Group and Company</u> <u>2002</u>			<u>Group and Company</u> <u>2001</u>		
	<u>Owned</u>	<u>Managed</u>	<u>Total</u>	<u>Owned</u>	<u>Managed</u>	<u>Total</u>
As at 1 April 2001	4,255	3	4,258	4,358	3	4,361
Additions	-	-	-	-	-	-
Disposals RTB	(39)	-	(39)	(27)	-	(27)
Demolitions	(93)	-	(93)	(76)	-	(76)
As at 31 March 2002	4,123	3	4,126	4,255	3	4,258

- Note: 1. At 31 March 2002 and 31 March 2001, the Group had no accommodation under development.
2. At 31 March 2002 there were 137 owned properties on which no rent debit was being raised. The Board have approved the demolition of these properties.
3. The Company does not undertake any material non-social housing activities.

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



5 Operating Deficit

	<u>Group & Company</u> <u>2002</u> <u>£000s</u>	<u>Group & Company</u> <u>2001</u> <u>£000s</u>
This is arrived at after charging		
Depreciation on Owned Assets	109	117
Operating lease rentals Commercial vehicles	34	26
Auditors Remuneration (inc. VAT):		
In respect as Auditors	23	15
In respect of other services	13	25

6 Surplus on the Sale of Fixed Assets

	<u>Group & Company</u> <u>2002</u> <u>£000s</u>	<u>Group & Company</u> <u>2001</u> <u>£000s</u>
Sale Proceeds	595	386
Less: Attributable Costs	(46)	(15)
Surplus	<u>549</u>	<u>371</u>

39 properties were sold during the year to March 2002.

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



7 Interest Receivable and Other Income

	<u>Group</u> <u>2002</u> <u>£000s</u>	<u>Company</u> <u>2002</u> <u>£000s</u>	<u>Group</u> <u>2001</u> <u>£000s</u>	<u>Company</u> <u>2001</u> <u>£'000</u>
	1,318	1,288	1,833	1,790
Bank Interest	<u>1,318</u>	<u>1,288</u>	<u>1,833</u>	<u>1,790</u>

8 Interest Payable and Similar Charges

	<u>Group &</u> <u>Company</u> <u>2002</u> <u>£000s</u>	<u>Group &</u> <u>Company</u> <u>2001</u> <u>£000s</u>
Bank account charges	1	-
Loan facility commitment fees	59	59
	<u>60</u>	<u>59</u>

9 Board Members and Executive Officers

No fees were paid to the Board Members during the year. Expenses paid during the year to Board Members amounted to £6,265 (2001: £1,763). The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £73,244 (2001: £70,829).

None of the Board Members received any emoluments.

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



The emoluments of the Executive Officers, excluding pension contributions were as follows:

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Chief Executive	73,244	70,829
Director of Neighbourhood Services	59,259	57,120
Director of Development	59,259	57,120
Director of Finance	57,019	53,760

Pension contributions of £1,175 (2001: Nil) were paid by the company on behalf of the Chief Executive.

10 Group and Company Employee Information

The average number of persons employed during the 12 months trading period, expressed as full time equivalents (F.T.E) was:

	<u>Groups & Company</u>	<u>Group & Company</u>
	<u>F.T.E.</u>	<u>F.T.E.</u>
	<u>2002</u>	<u>2001</u>
Administration	20	19
Development (inc. Repairs and Improvements)	23	16
Housing	36	36
Regeneration activities	7	6
	<u>86</u>	<u>77</u>

The aggregate payroll costs of those employed was as follows:

	<u>Group & Company</u>	<u>Group & Company</u>
	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
Wages and salaries	1,667	1,801
Social Security costs	116	109
Other pension costs	141	156
	<u>1,924</u>	<u>2,066</u>

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



11 Taxation

The taxation charge for the year is nil.

	<u>Group and Company</u> <u>2002</u>		<u>Group and Company</u> <u>2001</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
United Kingdom Corporation Tax				
Current tax on income for the year	-		-	
Adjustments in respect of prior years	-		-	
Before double taxation relief		-		-
Deferred taxation				
Net origination (reversal) of timing differences		-		-
Tax on deficit on ordinary activities		-		-
Current Tax Reconciliation				
	<u>2002</u>	<u>2001</u>		
	<u>£'000</u>	<u>£'000</u>		
Deficit on ordinary activities before taxation	(2,187)	(694)		
Theoretical tax at UK corporation tax rate 30% (2001: 30%)	(656)	(208)		
Effects of:				
- expenditure not tax deductible	225	159		
- movement on deferred tax not provided	431	49		
Actual current taxation charge	-	-		

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



Change of Accounting Policy

The change in accounting policy for deferred tax did not have an impact on the financial statements.

Taxable losses have been incurred in prior and current periods which are available for offset against future surpluses.

A deferred tax asset has not been recognised in respect of these losses as the Company does not anticipate taxable surpluses to arising within the immediate future.

The estimated value of the deferred tax asset not recognised, measured at a standard rate of 30%, is £473,000 (2001: £33,000).

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



12 Tangible Fixed Assets Group

<u>Cost</u>	<u>Housing Properties</u> £'000	<u>Office Accommodation</u> £'000	<u>Computer Hardware</u> £'000	<u>Computer Software</u> £'000	<u>Fixtures & Fittings</u> £'000	<u>Plant & Equipment</u> £'000	<u>Telephone System</u> £'000	<u>Total</u> £'000
At 1 April 2001	9,944	160	184	111	20	7	24	10,450
Additions	12,032	-	94	90	18	3	-	12,237
Disposals	(21)	-	-	-	-	-	-	(21)
At 31 March 2002	21,955	160	278	201	38	10	24	22,666
<u>Depreciation</u>								
At 1 Apr 2001	-	5	72	81	8	1	21	188
Charge for Year	-	3	73	20	8	4	1	109
Eliminated In Respect Of Disposals	-	-	-	-	-	-	-	-
At 31 March 2002	-	8	145	101	16	5	22	297
Net Book Value At 31 March 2002 (Before Grant).	21,955	152	133	100	22	5	2	22,369
Social Housing Grant	(21,955)	-	-	-	-	-	-	(21,955)
Net Book Value At 31 March 2002	-	152	133	100	22	5	2	414
Net Book Value at 31 March 2001 (Before Grant)	9,944	155	112	30	12	6	3	10,262
Social Housing Grant	(9,944)	-	-	-	-	-	-	(9,944)
Net Book Value at 31 March 2001	-	155	112	30	12	6	3	318

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



12 Tangible Fixed Assets Company

<u>Cost</u>	<u>Housing Properties</u> £'000	<u>Office Accommodation</u> £'000	<u>Computer Hardware</u> £'000	<u>Computer Software</u> £'000	<u>Fixtures & Fittings</u> £'000	<u>Plant & Equipment</u> £'000	<u>Telephone System</u> £'000	<u>Total</u> £'000
At 1 April 2001	9,944	160	184	111	20	7	24	10,450
Additions	12,032	-	55	46	7	3	-	12,143
Disposals	(21)	-	-	-	-	-	-	(21)
At 31 March 2002	21,955	160	239	157	27	10	24	22,572
<u>Depreciation</u>								
At 1 Apr 2001	-	5	72	81	8	1	21	188
Charge for Year	-	3	73	20	8	4	1	109
Eliminated In Respect Of Disposals	-	-	-	-	-	-	-	-
At 31 March 2002	-	8	145	101	16	5	22	297
Net Book Value At 31 March 2002 (Before Grant).	21,955	152	94	56	11	5	2	22,275
Social Housing Grant	(21,955)	-	-	-	-	-	-	(21,955)
Net Book Value At 31 March 2002	-	152	94	56	11	5	2	320
Net Book Value at 31 March 2001 (Before Grant)	9,944	155	112	30	12	6	3	10,262
Social Housing Grant	(9,944)	-	-	-	-	-	-	(9,944)
Net Book Value at 31 March 2001	-	155	112	30	12	6	3	318

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



The total accumulated SHG receivable at 31 March was:

	<u>2002</u> <u>£000</u>	<u>2001</u> <u>£000</u>
Capital Grants	33,515	33,515
Revenue Grants	<u>6,054</u>	<u>6,000</u>
	<u>39,569</u>	<u>39,515</u>

Properties book value, net of grant and depreciation comprise:

	<u>2002</u> <u>£000</u>	<u>2001</u> <u>£000</u>
Freehold land and buildings	152	155
Long leasehold land and buildings	-	-
Short leasehold land and buildings	<u>-</u>	<u>-</u>
	<u>152</u>	<u>155</u>

13 Investment in subsidiaries

The financial statements consolidate the results of South Liverpool Housing Limited and South Liverpool Regeneration. South Liverpool Housing Limited is the ultimate parent undertaking.

14 Housing Properties

	<u>Group &</u> <u>Company</u> <u>2002</u> <u>£000s</u>	<u>Group &</u> <u>Company</u> <u>2001</u> <u>£000s</u>
Housing Properties held for demolition	1,691	-
Less: Grant	<u>(1,691)</u>	<u>(-)</u>

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



SLH are acquiring property in Garston Under The Bridge with vacant possession to enable the assembly of redevelopment sites in line with the strategy for the area's regeneration agreed by SLH Board and the Garston Urban Village Partnership. The negotiation of the acquisitions is undertaken by Liverpool City Council and the full cost of these acquisitions, the continuing maintenance of the vacant property and their subsequent demolition is recovered by SLH from the City Council.

15 Debtors

	<u>Group</u> <u>2002</u> <u>£000s</u>	<u>Company</u> <u>2002</u> <u>£000s</u>	<u>Group</u> <u>2001</u> <u>£000s</u>	<u>Company</u> <u>2001</u> <u>£000s</u>
<u>Amounts receivable</u> <u>within one year:</u>				
Rent & Service Charges Receivable	1,947	1,947	1,908	1,908
Less: Provision for Bad and Doubtful Debts	(1,622)	(1,622)	(1,580)	(1,580)
Net Rent and Service Charges Receivable	<u>325</u>	<u>325</u>	<u>328</u>	<u>328</u>
Amounts Due from Subsidiary Undertaking	-	149	-	-
Other Debtors	217	106	34	34
Prepayments and Accrued Income	385	385	774	759
	<u>927</u>	<u>965</u>	<u>1,136</u>	<u>1,121</u>

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



16 Current Asset Investments

	<u>Group</u> <u>2002</u> <u>£000</u>	<u>Company</u> <u>2002</u> <u>£000</u>	<u>Group</u> <u>2001</u> <u>£000</u>	<u>Company</u> <u>2001</u> <u>£000</u>
Short Term Bank Deposits	18,592	17,870	32,070	31,420
	<u>18,592</u>	<u>17,870</u>	<u>32,070</u>	<u>31,420</u>

17 Creditors

	<u>Group</u> <u>2002</u> <u>£000</u>	<u>Company</u> <u>2002</u> <u>£000</u>	<u>Group</u> <u>2001</u> <u>£000</u>	<u>Company</u> <u>2001</u> <u>£000</u>
Amounts falling due within one year				
ERCF Grant	13,876	13,876	14,211	14,211
Other Grant	81	18	662	662
Other Taxation & Social Security	16	16	58	58
Amounts owed by Subsidiary Undertaking	-	54	-	-
Other Creditors	757	757	723	723
Accruals and Deferred Income	4,647	4,600	3,188	3,188
	<u>19,377</u>	<u>19,321</u>	<u>18,842</u>	<u>18,842</u>

Creditor Days

Average number of days between receipt and payment of purchase invoices.

	<u>2002</u>	<u>2001</u>
Creditor days	28	26

REPORT AND GROUP FINANCIAL STATEMENTS

Notes to the accounts for the year ended 31 March 2002



	<u>Group</u> <u>2002</u> <u>£000</u>	<u>Company</u> <u>2002</u> <u>£000</u>	<u>Group</u> <u>2001</u> <u>£000</u>	<u>Company</u> <u>2001</u> <u>£000</u>
Amounts falling due after more than one year				
ERCF Grant	2,719	2,719	14,946	14,946
	<u>2,719</u>	<u>2,719</u>	<u>14,946</u>	<u>14,946</u>

18 Housing Loans

Housing loans from financial institutions are secured by specific charges on the Company's housing properties. The Company has a loan facility of £38 million and at 31 March 2002, this facility was undrawn.

The Company has entered into a number of long-term loan commitments and fixed rates commencing on future dates as follows;

£7 million commencing on 31 March 2003 for a term of 20 years

£7 million commencing on 31 March 2004 for a term of 15 years

£2 million commencing on 31 March 2005 for a term of 10 years

19 Reserves

	<u>Group</u> <u>2002</u> <u>£000</u>	<u>Company</u> <u>2002</u> <u>£000</u>	<u>Group</u> <u>2001</u> <u>£000</u>	<u>Company</u> <u>2001</u> <u>£000</u>
Revenue Reserve				
At beginning of year	17	(676)	668	18
Deficit for year	(2,157)	(2,187)	(651)	(694)
At end of year	<u>(2,140)</u>	<u>(2,863)</u>	<u>17</u>	<u>(676)</u>

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Notes to the accounts for the year ended 31 March 2002



20a Reconciliation of operating deficit to net cash (outflow) from operating activities

	<u>Group</u> <u>2002</u> <u>£'000</u>	<u>Company</u> <u>2002</u> <u>£'000</u>	<u>Group and</u> <u>Company</u> <u>2001</u> <u>£000</u>
Operating deficit	(3,964)	(3,964)	(2,796)
Depreciation	109	109	117
Increase/decrease in debtors	(222)	(184)	141
Increase in creditors	317	368	1,000
Release of regeneration / environmental grant	(604)	(604)	(376)
Release of other grants	(1,691)	(1,780)	
Net cash outflow from operating activities	<u>(6,055)</u>	<u>(6,055)</u>	<u>(1,914)</u>

20b Reconciliation of net cash flow to movement in net funds

	<u>Group</u> <u>2002</u> <u>£000</u>	<u>Company</u> <u>2002</u> <u>£000</u>	<u>Group</u> <u>2001</u> <u>£000</u>	<u>Company</u> <u>2001</u> <u>£000</u>
Increase/(Decrease) in cash in period	(258)	(231)	94	66
Increase/(Decrease) in liquid resources in period	<u>(13,478)</u>	<u>(13,550)</u>	<u>9,875</u>	<u>9,725</u>
Net funds at 1 April 2001	32,351	31,673	22,382	21,882
Net funds at 31 March 2002	<u>18,615</u>	<u>17,892</u>	<u>32,351</u>	<u>31,673</u>

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Notes to the accounts for the year ended 31 March 2002



20c Analysis of changes in net funds Group

	<u>1 April</u>	<u>2002</u> <u>Cash flow</u>	<u>31 March</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cash at bank and in hand	281	(258)	23
Current asset investment	32,070	(13,478)	18,592
	<u>32,351</u>	<u>(13,736)</u>	<u>18,615</u>

Analysis of changes in net funds Company

	<u>1 April</u>	<u>2002</u> <u>Cash flow</u>	<u>31 March</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cash at bank and in hand	253	(231)	22
Current asset investment	31,420	(13,550)	17,870
	<u>31,673</u>	<u>(13,781)</u>	<u>17,892</u>

21 Pension Obligations

The Group operates two defined benefit schemes for salaried staff, the assets of which are held in separate trustee administered funds.

The Merseyside Pension Fund.

The actuarial valuation was performed by a qualified actuary using the "projected unit" method. The most recent formal valuation of the scheme was at 31 March 2001. The actuarial value of the scheme's assets at that date was £3,013m. The main actuarial assumptions underlying this valuation were as follows: -

	<u>Past Service</u> <u>Liabilities</u>	<u>Future Service</u> <u>Liabilities</u>
a) Investment return	5.6%pa	6.5%pa
b) Earnings growth	3.3%pa	3.5%pa
c) Price inflation	2.3%pa	2.5%pa

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Notes to the accounts for the year ended 31 March 2002



The income and expenditure account charge for pension costs, the accounting policies and the disclosures above are given on the basis of Statement of Standard Accounting Practice 24. SSAP 24 is going to be replaced by Financial Reporting Standard 17. The additional disclosures which follow are given in preparation for FRS 17 being adopted. They are based on an actuarial review at 31 March 2002 and omit comparative figures in accordance with the transitional rules of FRS 17.

Supplementary pensions disclosures under FRS 17

a) Contributions

The defined benefit scheme employers' contributions for 2002 were £99,100 and the contribution rate was 15.7% applying to 33 employees. The employer's contribution rate has been fixed at 17% of pensionable pay until 31 March 2003.

b) FRS 17 balance sheet information

	Value at 31 March 2002 £'000	Long-term rate of return expected at 31 March 2002 %
Equities	1,386	8.0
Bonds	355	6.0
Other:		6.0
Property	202	
Short term deposits	99	
Other	58	
Fair value of assets	2,100	
Present value of scheme liabilities	(2,700)	
Actuarial deficit	(600)	
Deferred tax	-	
Actuarial deficit after tax	(600)	

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c) Revenue reserve

	2002 £'000
As reported on SSAP 24 basis	(2,140)
FRS 17 pension deficit	(600)
On FRS 17 basis	<u>(2,740)</u>

d) assumptions

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

	At 31 March 2002 %
Rate of increase in salaries	3.5
Rate of increase in pensions	2.5
Discount rate	6.0
Inflation assumption	2.5

A deferred tax asset has not been shown on the basis that FRS19 recognition rules are not met.

The Pensions Trust

The pension fund has been assessed in accordance with the advice of a qualified actuary using the projected unit method of funding in a review of the scheme as at 30 September 1999.

The Market Valuation of the schemes assets at 30 September 1999 was £595m. The valuation revealed a shortfall of assets compared with the value of liabilities of some £19 million (equivalent to past service level of 97%). The employer's ongoing future services contribution rate, after allowing for changes in benefits, was 9.3% of pensionable salaries. In view of the past service shortfall most

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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.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the profit and loss account charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

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.

The main financial assumptions underlying that valuation were as follows: -

- a) Rate of return on future contributions 6.6% per annum.
- b) Rate of return on accumulated assets 5.4% per annum
- c) Rate of salary increases 4.5% per annum.
- d) Rate of pension increases 2.5% per annum.
- e) Rate of price inflation 2.5% per annum.

The employee contribution rate is variable dependant on age.
The employer contribution rate was 10.6% applying to 28 employees.

22 Financial Commitments

	<u>Group & Company</u> <u>2002</u> <u>£000</u>	<u>Group & Company</u> <u>2001</u> <u>£000s</u>
Expenditure contracted for but not provided in the accounts	167	1,932
Expenditure authorised by the Board but not contracted	18,719	12,228
	<u>18,886</u>	<u>14,160</u>

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Commitments relate to the improvement of existing properties and the acquisition of other fixed assets.

The payment which the Group and Company is committed to make in the next year under operating leases are as follows:

	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
Commercial Vehicles leases expiring		
One to five years	34	34

23 Related Parties

Tenant Board Members - The Company has 5 Tenant Board Members and during the year 2 Local Authority Nominee Board Members were also tenants. It is the Company's policy that Board Members who are tenants hold their tenancies and tenancy agreements on normal Company terms and they are not able to use their position to their advantage.

24 Contingent Liabilities

There were no contingent liabilities at 31 March 2002 (2001: NIL).