housing

south liverpool

REPORT AND GROUP FINANCIAL STATEMENTS

♦ *Year ended 31 March 2003* ♦

Registered at Companies House Number 3550000

Registered with the Housing Corporation as a Social Landlord Number L4230

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OUR VISION

We want the residents of Speke and Garston to feel proud to live in their community because,

It looks different:

There is an increased sense of individuality in the built environment
The environment reflects people's increased aspirations and expectations

It feels different to be here:

There will be greater affluence with more people in employment
There will be an improved level of health and well-being
Difference will be valued and outsiders made welcome
Challenge from local people will lead to ever-higher standards of service

The community operates differently:

There will be an effective and trusting partnership between local people and local organisations
There are clear and well respected community leaders
There are more community run and managed businesses

OUR STRATEGIC OBJECTIVES

Our plans are designed to deliver real benefit to the lives of local people. The outcomes of this plan will be:

Increasingly wealthy residents in the areas where we work

Which includes

Re-balancing the housing stock to increase customer choice
Creating employment opportunities
Enabling more local residents to have an economic stake in the area, through a job or their home

A positive brand for the group

Which includes

products and services which are well designed
loyal customers
customer services which are honest and reliable

A vibrant business

Which includes

managed growth through new ventures
strong financial performance
efficient processes at our core
resilience to risk

BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

South Liverpool Housing Board:

Chair	David Green
Other Members	Diane Bemand (served until 24 September 2002)
	Mike Birkett
	Fran Button
	Anthony Crisp (served until 12 November 2002)
	John Wilberforce (served from 1 August 2002)
	Eric O'Hara
	Gina Bergin (served from 1 August 2002)
	Mavis Morgan
	Alistair Sunderland (served from 24 September 2002)
	Frank Roderick
	Mark Soundie
	Barbara Southern
	John Williams
	Dr Geoffrey Woodcock
	Bill Cokersol (served from 24 September 2002)

South Liverpool Regeneration Board:

Chair	Barbara Southern (appointed 15 October 2002)
Other Members	Frank Roderick (appointed 15 October 2002)
	John Wilberforce
	Jane Marshall
	Dany Louise
	John Williams (appointed 15 October 2002)
	Fran Button (appointed 15 October 2002)

All Board members have served on the Board throughout the period from 1 April 2002 to 31 March 2003 except where indicated.

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)
Director of Resources	Shendi McGreen (from 1 July 2002)
Director of Neighbourhood Renewal	Clare Budden

Registered office:

Parklands
Conleach Road
Speke
Liverpool
L24 0TY

Main Business Premises

Speke Office
Parklands
Conleach Road

Speke
Liverpool
L24 0TY

Garston Office
2 St Mary's Road
Garston
Liverpool
L19 2JD

External Auditors:	RSM Robson Rhodes LLP Chartered Accountants 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
Principal bankers:	Royal Bank of Scotland Liverpool City Office 22 Castle Street Liverpool L2 0UP
Principal lenders:	Britannia Building Society Britannia House Leek Staffordshire ST13 5RG

Registered with the Housing Corporation as a social landlord L4230.
Registered at Companies House number 3550000

CHAIRMAN'S STATEMENT

This has been a successful year for the Group. The results show how we are delivering our commitment to modernise our housing stock and deliver high quality services.

Our Promise to Improve Properties

Capital expenditure on property improvement amounted to £15.2 million during 2002/03. We completed improvements to 1500 homes this year, nearly twice as many as last year. Over £80,000 a day was spent on those improvements. Tenants are seeing real benefits in their homes and we have been well served by our contractors – with whom we are exploring how the partnership can be continued. We are proud to be well ahead of the programme of improvements promised at transfer.

Tenant Satisfaction

Our commitment to providing high quality services is reflected in the results of an independent customer satisfaction survey, conducted in May 2002. Overall satisfaction rates rose by 11% from the last survey - to 82%.

We actively encourage the involvement of local people in decision-making about our work. We have a range of formal and informal mechanisms for involving tenants and other residents in what we do.

Partnerships

We are committed to working with Liverpool City Council, Speke Garston Partnership, Liverpool Land Development Company and the Primary Care Trust in our core areas and appreciate their support for our work. In addition, we have developed strong links with other agencies to ensure activities dovetail with their programmes.

This year we are thrilled to report on a hugely successful initiative where, through help from over 15 agencies, SLH led on activities where more than 600 young people benefited from over 10,500 hours of activities, including sport, theatre and arts. We are looking to continue this initiative in the upcoming year.

We thank these organisations for their work and commitment.

Recently, we have implemented a new Supporting People initiative, which helps vulnerable people live more independently. In the future, we plan on developing and expanding our Supporting People strategies.

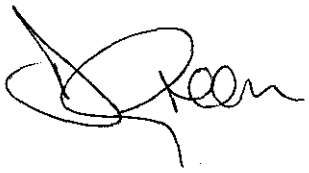
Financial position

Financially the Group is soundly based with strong cash flow and a healthy balance sheet. More details of the results can be found in the operating and financial review which follows the report of the board.

A committed and talented team

I express my gratitude to the members of our board and its committees for their commitment and contribution, all given voluntarily for the benefit of our communities. In a time of rapid change and increasing demands, their knowledge and experience is invaluable. I am confident that the board remains well equipped to guide the Group in continuing to meet the needs of our community.

David Green
Chairman
31 May 2003



REPORT OF THE BOARD

The board is pleased to present its report and the audited financial statements for the year ended 31 March 2003.

The Group

The SLH Group is made up of two organisations, each with its own specialism.

South Liverpool Housing (SLH) is the group parent, a non-charitable company limited by guarantee and a housing association registered with and regulated by the Housing Corporation. SLH's primary activity is around housing and property management.

South Liverpool Regeneration (SLR) is a charitable industrial and provident society which is concerned with wider economic, social and environmental improvements. SLR develops new products and services which will support the renewal and regeneration of the area and its communities. SLR also provides a place within the Group where other local regeneration organisations can access quality business support services.

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 to contribute to the overall sustainable regeneration of the area through the development and support of appropriate activities and initiatives.

Business Review

- Since 1999, SLH has utilised £34 million in 'Estates Renewal Challenge Fund' grant, part of £39.6 million received at transfer. The grant has been instrumental in transforming the Estate. Fully three quarters of the housing stock has been completely improved. The completion of the improvement plan is set to finish a year ahead of schedule and on budget.

Highlights of the year include:

- Total spending during the year on repairs and home improvements of £25.2 million.

  This has included during the year:

  - 1500 homes receiving whole house improvements including central heating;
  - 131 Voids repaired/improved;
  - 12 homes re-roofed;
  - 12,436 repairs carried out to our homes.

- The completion of £98,208 of work on adaptations to homes where tenants have disabilities.

- The demolition of 76 properties which were uneconomic to repair and let. These properties were also a target for vandalism in the area.

- The expansion and improvement of the delivery of community based regeneration projects. High profile projects have included:

  - Neighbourhood Plus – Where long term unemployed people are provided with opportunities for paid work experience and vocational training. SLH has worked closely with a number of local Partners. Over 10 people have benefited since the start of the project in December 2002. It is hoped that a further 24 people will benefit in the upcoming year.

  - A Youth Agency Forum, lead by SLH, of which over 25 agencies have signed up to a Youth Delivery Plan. The Plan provides the basis from which the Area's youth activities are co-ordinated.

  - A new community newspaper, funded by SLH, called Our Voice, was nominated for a National Housing Award. The quarterly newspaper is run entirely by volunteer residents.

  - The second year of a community awards scheme where local residents are recognised for their contributions to the community. Over 100 local residents were nominated, and almost 170 residents attended the ceremony.

  - Skip and recycling schemes whereby household rubbish and green waste are collected on a regular basis, reducing overall caretaking costs and antisocial behaviour.

This year, SLR's YourTV Broadband initiative to connect Area residents to online services has progressed rapidly. Its 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 using Broadband from their homes.
- Providing businesses with access to Broadband and a range of other services

Four ICT learning centres were launched from July 2002 and to date over 100 local residents have gained formal accredited training, plus informal interest based learning totalling over 4000 learning hours. The capital cost of the four centres was £312,500 funded wholly by the DfES. In addition, over £75,000 in revenue support has been received by the Learning Skills Council, and NOF.

SLR recently hosted a national conference to promote the Broadband initiative. The event was well attended by delegates from all over the country, including the Minister for E-Commerce & Competitiveness and over 85 people from other Housing Associations and Local Authorities.

SLR thanks SUN Microsystems, Tandberg Television, and Independent Networks for their support and expertise in launching this venture.

For the year ended 31 March 2003, the Association made a deficit of £4.652 million (Group £4.614 million). 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.

Donations, Sponsorship and Support to local agencies

SLH has made the following contributions during the year:

- £65,471 of support to local agencies. SLH supports local agencies within a total sum agreed by the Board where the agency's aims and objectives fit closely with its own;

Commitment to Partnership Working

Board commitment to broaden partnerships is vital to the success of our business and for the regeneration of our community. In the summer of 2002, SLH moved to new offices within Speke's new flagship Parklands complex. We now share reception facilities with Liverpool Direct's Speke One Stop Shop. Working side by side with the Council, residents are offered a more comprehensive service. In addition, the Garston office moved to a new location with expanded facilities, which are made available for local residents and agencies.

Board members and executive officers

The names of SLH 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 SLR Board comprises 7 members, 5 of whom are appointed by the SLH Board.

Shendi McGreen, the current Director of Resources, started on 1 July 2002, following the resignation on 26 May 2002 of Bob Taylor, the Director of Finance. Stephen Nettleton, the Director of Development resigned on 8 August 2002. His post was combined with the Director of Neighbourhood Services, to create a new post, Director of Neighbourhood Renewal. This post is held by Clare Budden.

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

Insurance

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

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 is pleased to have paid a bonus to employees for achieving outstanding corporate performance. The Board criteria for achieving bonus focussed on exceeding customer satisfaction targets, delivering promises economically, and on growing the business.

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.

NHF Code of Governance

The Board is 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.

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 Resources and Neighbourhood Renewal;

- 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

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies for all organisations within the Group, including those not registered with the Housing Corporation.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within day to day management of governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with the principles outlined in the Housing Corporation circular R2-25/01 *Internal controls assurance.*

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, has been in place throughout the period commencing 1 April 2002 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements.

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

Identifying and evaluating key risks

The Group's risk management strategy, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The executive directors regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Control environment and internal controls

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

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

- A clearly defined management and reporting structure;
- 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.

Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board and monitored throughout the year by the Finance Committee. They also receive reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The outcomes of these reviews are reported to the Board throughout the year.

Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. It is supplemented by regular reviews by internal audit that provide independent assurance to the Board, via the Audit Committee. The Audit Committee ensures that corrective action is taken in relation to any significant control issues. The Group is implementing a review of its internal control systems and risk assessments in order to better link them to the new corporate strategy and performance management systems. Full roll out, to be completed by December 2003, will further strengthen control arrangements.

Statement of responsibilities of the Board for the annual report and financial statements

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require 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 association and of the surplus for the Group and association for that period. In preparing these financial statements the Board has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Followed applicable United Kingdom accounting standards and the Statement of Recommended Practice: "Accounting for registered social landlords" (Update 2002); and
- Prepared the financial statement 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 association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 1978, paragraph 17 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements of 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 association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board and together information included in the annual report and financial statements are prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (Update 2002).

Going concern

After making enquiries the board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on 23 September 2003 at Liverpool Marriott Hotel, Speke.

External Auditors

On 3rd May 2003, the auditors, RSM Robson Rhodes, transferred their entire business to RSM Robson Rhodes LLP; a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, and ceased to act as external auditors for the Group. The Board appointed RSM Robson Rhodes LLP with effect from 3rd May 2003 to fill the casual vacancy. A resolution to re-appoint RSM Robson Rhodes LLP as external auditors will be proposed at the forthcoming annual general meeting.

The report of the board was approved on 9th September 2003 and signed on its behalf by:

David Green
Chair of the Board

Date: 9 September 2003.

OPERATING AND FINANCIAL REVIEW - GROUP HIGHLIGHTS - THREE YEAR SUMMARY

For the year ended 31 March	2003	2002	2001
Group Income and Expenditure account (£'000s)			
Total turnover – continuing activities	10,067	9,249	8,597
Income from lettings	9,338	8,542	8,211
Operating Deficit	(5,847)	(3,964)	(2,796)
Deficit for the year	(4,614)	(2,157)	(651)
Group Balance Sheet (£'000s)			
Tangible fixed assets, net of depreciation	37,706	22,369	10,262
SHG and other capital grants	(33,306)	(21,955)	(9,944)
Tangible fixed assets net of capital grants and depreciation	4,400	414	318
Net current assets	1,001	165	14,645
Loans (due over one year)	9,000	-	-
Surplus/(Deficit)	(6,754)	(2,140)	17
Accommodation figures			
Total housing stock owned an managed at year end *(number of dwellings):*			
Social housing	3,977	4,126	4,258

OPERATING AND FINANCIAL REVIEW

Turnover

The year ended 31 March 2003 has seen a significant increase in turnover of £1.861 million. Turnover from lettings rose by just over 3%, in line with Housing Corporation rent restructure guidelines and the promises made to tenants, at transfer. Right to Buy proceeds exceeded £1 million. The way in which our income has been spent is summarised below.

Operating costs

Operating costs increased considerably this year as the improvement programme has been accelerated.

Management costs increased to £3.811 million (2002: £3.528 million) reflecting substantial increases in costs of insurance and new premises lease costs. Staffing costs have reduced despite an increase in full time equivalent levels. This is due primarily to a consolidation of Senior Management posts, and vacancies for part of the year.

The improvement programme, on track to finish a year early, and on budget, accounts for the increase in major repairs costs this fiscal year. Repairs of £8.65 million represent an increase over the prior year of 38%. Reactive repairs, up 5% to £1.849 million have resulted mainly from expenditure relating to voids.

Rent losses from voids and bad debts improved to 4.9% of rent and service charges receivable (2002: 6.8%). However they remain high and significant resources are targeted to reduce the void levels in the coming year.

Right to Buy/Right to Acquire

This year, over £1 million in proceeds was received through property sales. 73 properties were sold at an average discounted price of almost £16,000. A rise in properties values has been felt throughout the area. Despite the decrease in housing stock, rents have risen overall due to higher re-let rates and the corresponding shift to general assured tenancies.

Deficit for the year

Our deficit for the year before transfer to reserves has increased to £4.614 million. The planned deficit is due to non-capital expenditure relating to the improvement programme.

Cash flow

Cash and investments totalled £9.5 million as at 31 March 2003. As planned, there has been a steady reduction throughout the year, and the first loan draw downs of £9 million occurred in Quarter 3. It is expected that remaining investments held will be utilised before Quarter 3 of the forthcoming year. Two further loan draw downs are in place at the end of 2004, totalling £9 million, which will help fund the remainder of the improvement programme.

Shendi McGreen
Director of Resources

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOCIAL HOUSING ASSOCIATION LIMITED

We have audited the financial statements on pages 15 to 37.

This report is made solely to the Group's and association's members, in accordance with Section 235 of the Companies Act 1985. Our Audit work has been undertaken so that we might state to the Group's and association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and association and the Group's and association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

The board is responsible for preparing the board report and other information contained in the Annual Report and, as described on page 9, 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 in accordance with the Companies Act 1985, 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 board report is 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 association is not disclosed.

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.

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 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 association'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 association as at 31 March 2003 and of the Group's and association's surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985, 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 10 to 11, 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.

RSM Robson Rhodes LLP

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors
Colwyn Chambers
19 York Street
Manchester
M2 3BA

9.9.03

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover: continuing activities	3	10,067	9,249
Operating costs	3	15,914	13,213
Operating deficit: continuing activities	5	(5,847)	(3,964)
Surplus on sale of fixed assets housing properties	6	922	549
Loss on sale of other fixed assets	6	(28)	-
Interest receivable and other income	7	388	1318
Interest payable and similar charges	8	(73)	(60)
Deficit on ordinary activities before taxation		(4,638)	(2,157)
Tax	11	24	-
Deficit for the financial year	19	(4,614)	(2,157)
(Deficit)/ Surplus at 1 April		(2,140)	17
Deficit at 31 March		(6,754)	(2,140)

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

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover: continuing activities	3	9,829	9,160
Operating costs	3	15,676	13,124
Operating deficit: continuing activities	5	(5,847)	(3,964)
Surplus on sale of fixed assets housing properties	6	922	549
Loss on sale of other fixed assets	6	(28)	-
Interest receivable and other income	7	350	1,288
Interest payable and similar charges	8	(73)	(60)
Deficit on ordinary activities before taxation		(4,676)	(2,187)
Tax	11	24	-
Deficit for the financial year	19	(4,652)	(2,187)
Deficit at 1 April		(2,863)	(676)
Deficit at 31 March		(7,515)	(2,863)

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

CONSOLIDATED BALANCE SHEET
at 31 March 2003

	Note	2003 £'000	2002 £'000
Tangible fixed assets			
Housing properties	12	36,982	21,955
Social Housing Grant		(33,306)	(21,955)
		3,676	0
Other tangible fixed assets	12	724	414
		4,400	414
Current assets			
Debtors	14	1,460	927
Investments	15	8,612	18,592
Cash at bank and in hand		952	23
		11,024	19,542
Creditors: amounts falling due within one year	16	(10,023)	(19,377)
Net current assets		1,001	165
Total assets less current liabilities		5,401	579
Creditors: amounts falling due after more than one Year	17	12,155	2,719
Deficit		(6,754)	(2,140)
Association's funds		5,401	579

ASSOCIATION BALANCE SHEET
at 31 March 2003

	Note	2003 £'000	2002 £'000
Tangible fixed assets			
Housing properties	12	36,982	21,955
Social Housing Grant		(33,306)	(21,955)
		3,676	0
Other tangible fixed assets	12	446	320
		4,122	320
Current assets			
Debtors	14	1,435	965
Investments	15	7,772	17,870
Cash at bank and in hand		936	22
		10,143	18,857
Creditors: amounts falling due within one year	16	(9,625)	(19,321)
Net current assets/ (liabilities)		518	(463)
Total assets less current liabilities		4,640	(144)
Creditors: amounts falling due after more than one Year	17	12,155	2,719
Deficit		(7,515)	(2,863)
Association's funds		4,640	(144)

The financial statements were approved by the Board on 9 September 2003 and signed on its behalf by:

David Green	Matthew Gardiner	Mike Birkett
Chairman	Secretary	Chair of Finance Committee

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Net cash outflow from operating activities	23	(3,451)	(6,055)
Returns on investments and servicing of finance			
Interest received		388	1,711
Interest paid		(73)	(59)
		315	1,652
Taxation paid			
Corporation tax deferred		-	-
Capital expenditure			
Improvement Programme		(15,215)	(10,846)
Social housing grant – received		-	54
Other capital grants – received		-	1,047
Purchase of other fixed assets		(594)	(158)
Sales of housing properties		922	570
Loss on disposal of other fixed assets		(28)	-
		(14,915)	(9,333)
Management of liquid resources			
Cash withdrawn from money market		9,980	13,478
		9,980	13,478
Financing			
Loans received	25	9,000	-
		9,000	-
Increase/(decrease) in cash	25	929	(258)

NOTES TO THE ACCOUNTS 31st March 2003

1 LEGAL STATUS

SLH is registered under the Industrial and Provident Societies Act 1965 and is registered with The Housing Corporation as a social landlord.

2 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 are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, update issued in November 2002, and comply with the Accounting Requirements for registered social landlords General Determination 2000. The Board is satisfied that the current accounting policies are the most appropriate for the Group and Association.

FRS 17 "Retirement Benefits" need not be applied in full until the 2006 accounts, so pension costs have been accounted for under SSAP 24. Some additional disclosures are given as required by FRS 17 (note 10).

Turnover

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

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary at 31 March 2003.

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

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 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.

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 binging agreement to sell them at the balance sheet date.

Value added tax
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 payable is included as a current liability.

Interest payable
Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or

b) Interest on borrowings of SLH as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

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

Pensions
Retirement benefits to employees of the Group 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 Social Housing Pension Scheme.

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

ACCOUNTING POLICIES (Continued)

spread the cost of pensions over employee's working lives with the Group 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.

Supported housing managed by agencies
Social housing grants and other revenue grants are claimed by SLH as owner of the property. The grants are included in the income and expenditure account and balance sheet of SLH. The treatment of other income and expenditure in respect of supported housing projects depends on whether SLH carries the financial risk.

Where SLH carries the financial risk, for example, for losses from voids and arrears, the entire project's income and expenditure is included in SLH's income and expenditure account (see note 3).

Where the agency carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to SLH. Other income and expenditure of projects in this category is excluded from SLH's income and expenditure account.

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

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

Donated land
Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation.

Social housing grant
Social housing grant (SHG) is receivable from the Housing Corporation and is utilised to reduce the capital costs of housing properties, including land costs. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. SHG due from the 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 grants
These include grants from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties
Freehold land is not depreciated. Depreciation of buildings 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 the proportion of SHG and other grants less residual value. The Company's housing properties are depreciated at the following rates from 1 April 1999:

Housing properties	
- general needs - houses	2% per annum
- general needs - 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 SORP (updated 2002), 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

ACCOUNTING POLICIES (Continued)

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.

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:

Furniture, fixtures and fittings	3 years
Computers and office equipment	3 years
Commercial vehicles	5 years

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

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

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

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

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

TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING DEFICIT

GROUP - continuing activities

	2003				2002	
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating deficit £'000	Turnover £'000	Operating deficit £'000
Social housing lettings	9,338	-	15,102	(5,764)	8,488	(4,032)
Other social housing activities						
Community regeneration	593	-	627	(35)	731	38
Other	120	-	185	(64)	1	1
	713	-	812	(99)	732	39
Non-social housing activities	16	-	-	16	29	29
	10,067	-	15,914	(5,847)	9,249	(3,964)

ASSOCIATION - continuing activities

	2003				2002	
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating deficit £'000	Turnover £'000	Operating deficit £'000
Social housing lettings	9,338	-	15,102	(5,764)	8,488	(4,032)
Other social housing activities						
Community regeneration	354	-	389	(35)	648	44
Other	121	-	185	(64)	1	1
	475	-	574	(99)	649	45
Non-social housing activities	16	-	0	16	23	23
	9,829	-	15,676	(5,847)	9,160	(3,964)

TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING DEFICIT (Continued)

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association	2003 General Housing £'000	2002 General Housing £'000
Turnover from social housing lettings		
Rent receivable net of identifiable service charges	9,402	9,090
Service charges receivable	37	19
Gross rental income	9,439	9,109
Voids	(466)	(621)
Net rental income	8,973	8,488
Other revenue grants	365	-
Turnover from social housing lettings	9,338	8,488
Expenditure on social housing lettings		
Major Repairs	8,650	5,983
Management	3,810	3,528
Routine Maintenance	1,849	1,755
Planned Maintenance	422	732
Bad Debts	341	233
Services	30	19
Operating costs on social housing lettings	15,102	12,520
Operating deficit on social housing lettings	(5,764)	(4,032)

4 ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

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

	Group and Association	
	2003	2002
	No.	No.
Social housing		
Total General Housing owned	3,974	4,123
Total Accommodation managed on behalf of others	3	3
Total owned and managed	3,977	4,126

5 OPERATING DEFICIT

This is arrived at after charging:

	Group		Association	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Depreciation of other tangible fixed assets	193	109	130	110
Operating Leases	40	34	40	34
Auditors' remuneration (including VAT)				
- for audit services	25	23	25	23
- for non-audit services	13	14	13	14

6 LOSS ON SALE OF FIXED ASSETS

	Group and Association	
Housing Properties	2003	2002
	£'000	£'000
Sale Proceeds	1,139	595
Less Attributable Costs	(217)	(46)
Surplus on disposal of housing properties	922	549
Other Fixed Assets		
Sale Proceeds	90	-
Less Attributable Costs	(118)	-
Loss on disposal of other tangible fixed assets	(28)	-

7 INTEREST RECEIVABLE AND OTHER INCOME

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Interest receivable and similar income	388	1,318	350	1,288

8 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Loans and bank overdrafts	13	-	13	-
Funders' Fees Undrawn	60	60	60	60
	73	60	73	60

9 BOARD MEMBERS AND EXECUTIVE DIRECTORS

	Basic Salary £'000	National Insurance £'000	Pension contr'ns £'000	2003 Total £'000	2002 Total £'000
Chief Executive & Company Secretary	76	8	8	92	83
Director of Neighbourhood Renewal	61	7	10	78	73
Director of Resources	39	4	4	47	-
Director of Finance (left May 02)	10	1	1	12	70
Director of Development (left Aug 02)	20	2	4	26	73
Aggregate emoluments	206	22	27	255	299

The Chief Executive, is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. South Liverpool Housing Ltd does not make any further contribution to an individual pension arrangement for the Chief Executive.

10 EMPLOYEES

	Group & Association	
	2003	2002
	No.	No.
Average monthly number of employees expressed in full time equivalents:		
Administration	24	20
Development & Repairs	15	23
Housing, support and care	50	36
Regeneration	10	7
	99	86
Employee costs:	**£'000**	**£'000**
Wages and salaries	1,623	1,667
Social security costs	122	116
Other pension costs	134	141
	1,879	1,924

The Merseyside Pension Fund

The Merseyside Pension Fund (MPF) is a multi-employer scheme with more than one participating employer. MPF is administered by the regulations governing Local Government Pension Schemes. MPF is a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent professionally qualified actuary using the project 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 £3.013 million. The main actuarial assumptions underlying this valuation were as follows:

	Past Service Liabilities	Future Service Liabilities
Investment return	5.6% pa	6.5% pa
Earnings growth	3.3% pa	3.5% pa
Price Inflation	2.3% pa	2.5% pa

The additional disclosures which follow are given in preparation of FRS 17 being adopted. In order to assess the actuarial valuation of MPF's liabilities at 31st March 2002 and 31st March 2003, the actuaries have rolled forward the actuarial value of the liabilities reported as at 31 March 2001, allowing for changes in financial assumptions as prescribed under FRS 17.

Contributions

The defined benefit scheme employers' contributions for the Group and Association at 31 March 2003 were £108,078 (2002 £99,100) and the employer's contribution rate was 17% of pensionable pay until 31 March 2003. The employer's contribution rate has been fixed as 15.7% of pensionable pay until 31 March 2003.

Assumptions

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

	At 31 March 2003 % Per Annum	At 31 March 2002 % Per Annum
Rate of increase in salaries	3.5	3.5
Rate of increase in pensions	2.5	2.5
Discount rate	5.4	6.0
Inflation assumption	2.5	2.5

Fair Value and Expected Return On Assets

	Fair Value at 31 March 2003 £'000	**Expected return at 31 March 2003 %**	**Fair Value at 31 March 2002**	**Expected return at 31 March 2002**
Equities	965	7.50	1,386	6%
Government Bonds	363	4.50	355	6%
Other Bonds	29	5.40	-	6%
Property	181	6.50	-	6%
Other	158	3.75	359	6%
Fair value of assets	1,696		2,100	
Present value of scheme liabilities	(3,055)		(2,700)	
Actuarial deficit	(1,359)		(600)	
Deferred tax	-		-	
Actuarial deficit after tax	(1,359)		(600)	

All of the above £1,359,000 deficit would have been shown as a liability had the Accounts been prepared under FRS 17.

Analysis of the amount charged to operating surplus

	2003 **£'000**
Past Service Cost	26
Current service cost	53
Loss on curtailments	44
Total Operating Charge	123

Analysis of the amounts charged to other finance costs

	2003 £'000
Expected return on pension scheme assets	150
Interest on pension scheme liabilities	(155)
Net Cost	5

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

	2003 **£'000**
Actual return less expected return on pension scheme assets	(445)
Experience gains and losses arising on scheme liabilities	-
Changes in assumptions underlying the present value of scheme liabilities	(349)
Actuarial deficit recognised in STRSD	(794)

History of Experience Gains and Losses

Difference between expected and actual return on share of scheme assets:	
Amount (£'000)	(445)
Percentage of share of scheme assets	26.2%
Experience gains and losses on share of scheme liabilities:	
Amount (£'000)	-
Percentage of present value of share of scheme liabilities	0%
Total amount recognised in statement of total recognised surpluses and deficits:	
Amount (£'000)	(794)
Percentage of the present value of share of scheme liabilities	26%

Movement in deficit during the year

	2003 **£'000**
Group and association share of scheme assets/liabilities at beginning of year	(600)
Movement in year:	
Current service cost	(53)
Curtailment loss	(44)
Past Service Cost	(26)
Contributions	163
Net interest	(5)
Actuarial (loss)	(794)
Group and association share of scheme assets/liabilities at end of year	(1,359)

Revenue reserve

	Group		Association	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
As reported on a SSAP 24 basis	(6,754)	(2,140)	(7,515)	(2,863)
FRS 17 pension Liability	(1,359)	(600)	(1,359)	(600)
On FRS 17 Basis	(8,113)	(2,740)	(8,874)	(3,463)

The Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers and, due to the nature of the scheme, the income and expenditure account charge for the period under both SSAP24 and FRS 17 represents the employer contribution payable. Triennial actuarial valuations are performed by a qualified, actuary using the "projected unit" method.

The Group paid contributions at the rate of 10.6% during the accounting period payment to the scheme in the period amounted to £62,290. Member contributions vary between 1.6% and 5.0%, depending on age of the individual at the date of joining the scheme.

The most recent formal valuation of the scheme was performed at 30 September 2002 by a professional qualified actuary. The market value of the scheme's assets at that date was £650million. The valuation revealed a shortfall of assets compared with the value of liabilities of some £117 million (equivalent to a past service funding level of 85%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, was 10.6% of pensionable salaries. In view of the past service shortfall all employers are required to contribute at the rate of 10.8% of pensionable salaries in order to bring the value of assets and liabilities into balance.

The financial assumptions underlying the valuation were as follows:

	% pa relative to inflation
Rate of return on future contributions	4.0
Rate of salary increases	2.0
Rate of pension increases	0.0
Rate of UK equity dividend growth	0.5

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

11 TAX ON DEFICIT ON ORDINARY ACTIVITIES

	Group and Association	
	2003	2002
	£'000	£'000
Current tax		
UK corporation tax on surplus for the year	-	-
Adjustments in respect of prior years		
Deferred tax		
Net origination and reversal of timing differences	(24)	-
Increase in discount	-	-
	24	-

Current tax reconciliation	**Group and Association**	
	2003 £'000	**2002 £'000**
Surplus on ordinary activities before taxation	(4,638)	(2,187)
Theoretical tax at UK corporation tax rate 30% (2002: 31%)	(1,391)	(656)
Effects of:		
- expenses not deductible for tax purposes	239	225
- income not within the charge to corporation tax	(12)	
- adjustments in respect of capital items	16	
- movement in accelerated capital allowances	(1)	431
- movement on deferred tax not provided	1,149	
Current tax charge	-	-

Deferred Tax Asset Disclosure

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

A deferred tax asset has not been recognised in respect of these losses and the depreciation in excess of capital allowances, as the company does not anticipate taxable profits to arise within the immediate future. Unrelieved losses of £5,796k (2002: £1,578k) are carried forward and are available to reduce the tax liability in respect of future profits.

12 TANGIBLE FIXED ASSETS Group

	Social housing properties held for letting £000	Freehold offices £'000	Plant & Equipment £'000	Furniture & Fittings £'000	Computer Hardware £'000	Computer Software £'000	Telephone System £'000	Total Other Fixed Assets £'000	Total £'000
Cost									
At 1 April 2002	21,955	160	21	27	278	201	24	711	22,666
Additions	15,215	-	9	109	421	12	43	594	15,809
Disposals	(188)	(90)	-	-	-	-	-	(90)	(278)
At 31 March 2003	36,982	70	30	136	699	213	67	1,215	38,197
Depreciation									
At 1 April 2002	-	8	5	16	146	101	22	298	298
Charged in year	-	-	4	23	116	42	11	196	196
Released on disposal	-	(3)	-	-	-	-	-	(3)	(3)
At 31 March 2003	-	5	9	39	262	143	33	491	491
	36,982	65	21	97	437	70	34	724	37,706
Social Housing Grant									
At 1 April 2002	21,955	-	-	-	-	-	-	-	21,955
Additions	11,351	-	-	-	-	-	-	-	11,351
Disposals	-	-	-	-	-	-	-	-	-
Net book value	33,306	-	-	-	-	-	-	-	33,306
At 31 March 2003	3,676	65	21	97	437	70	34	724	4,400
At 31 March 2002	-	152	5	22	133	100	2	414	414

12 TANGIBLE FIXED ASSETS Association

	Social housing properties held for letting £000	Freehold offices £'000	Plant & Equipment £'000	Furniture & Fittings £'000	Computer Hardware £'000	Computer Software £'000	Telephone System £'000	Total Other Fixed Assets £'000	Total £'000
Cost									
At 1 April 2002	21,955	160	10	27	239	157	24	617	22,572
Additions	15,215	-	9	109	174	12	43	347	15,562
Disposals	(188)	(90)	-	-	-	-	-	(90)	(278)
At 31 March 2003	36,982	70	19	136	413	169	67	874	37,856
Depreciation									
At 1 April 2002	-	8	5	16	146	101	22	298	298
Charged in year	-	-	4	23	68	27	11	133	133
Released on disposal	-	(3)	-	-	-	-	-	(3)	(3)
At 31 March 2003	-	5	9	39	214	128	33	428	428
	36,982	65	10	97	199	41	34	446	37,428
Social Housing Grant									
At 1 April 2002	21,955	-	-	-	-	-	-	-	21,955
Additions	11,351	-	-	-	-	-	-	-	11,351
Disposals	-	-	-	-	-	-	-	-	-
Net book value	33,306	-	-	-	-	-	-	-	33,306
At 31 March 2003	3,676	65	10	97	199	41	34	446	4,122
At 31 March 2002	0	152	5	11	94	56	2	320	320

13 INVESTMENTS IN SUBSIDIARIES

As required by statute, the financial statements consolidate the results of South Liverpool Housing Ltd. (SLH) and South Liverpool Regeneration Ltd. which was a subsidiary of SLH at the end of the year. SLH has the right to appoint members to the boards of the subsidiary and thereby exercises control over it. The subsidiary is not a registered social landlord. SLH is the ultimate parent undertaking.

14 DEBTORS

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Due within one year				
Rent and service charges receivable	926	1,947	926	1,947
Less: Provision for bad and doubtful debts	376	1,622	376	1,622
	550	325	550	325
Amounts due from Subsidiary Undertaking	-	-	-	149
Other debtors	700	217	675	106
Prepayments and accrued income	210	385	210	385
	1,460	927	1,435	965

In Other Debtors above, there is a deferred tax asset of £24k.

	Group and Association			
	Provided		Unprovided	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Accelerated capital allowances	(24)	-	-	(25)
Tax losses	-	-	(1,739)	(473)
	(24)	-	(1,739)	(498)

15 CURRENT ASSET INVESTMENTS

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Money market deposits	8,612	18,592	7,772	17,870

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade creditors	179	82	179	82
Rent and service charges received in advance	239	-	239	-
ERCF Grant	1,785	13,876	1,785	13,876
Other Grant	24	81	-	18
Amounts Due to Related Undertakings	-	-	26	54
Other taxation and social security	88	16	88	16
Other creditors	-	675	-	675
Accruals and deferred income	7,708	4,647	7,308	4,600
	10,023	19,377	9,625	19,321

Payments to creditors

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

	Group and Association	
	2003 £'000	2002 £'000
Average number of days between receipt and payment of purchase invoices	28	28

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Debt (note 20)	9,000	-	9,000	-
Recycled capital grant fund	208	-	208	-
ERCF grant	2,947	2,719	2,947	2,719
	12,155	2,719	12,155	2,719

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 31st March 2003. £9 million of this facility was drawn down.

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

£7 million commencing 31 March 2004 for a term of 15 years (5.21% pa + margin)

£2 million commencing 31 March 2004 for a term of 10 years (5.34% pa + margin)

£2 million commencing 31 March 2005 for a term of 10 years (5.75% pa + margin)

£2 million commencing 31 March 2005 for a term of 10 years (5.72% pa + margin)

19 RESERVES

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
At 1 April	(2,140)	17	(2,863)	(676)
Deficit in year	(4,614)	(2,157)	(4,652)	(2,187)
At 31 March	(6,754)	(2,140)	(7,515)	(2,863)

20 DEBT ANALYSIS

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Due within one year				
Obligations under leases	166	34	166	34
	166	34	166	34

	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Due after more than one year				
Bank loans	9,000	-	9,000	-
	9,000	-	9,000	-

Debt is repayable as follows:	Group		Association	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Within one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
After five years	9,000	-	9,000	-
	9,000	-	9,000	-

In addition to the above debt, at 31 March 2003 the Group had undrawn loan facilities of £29m (2002: £38m).

21 FINANCIAL COMMITMENTS

Capital expenditure commitments are as follows:

	Group and Association	
	2003 £'000	2002 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	-	167
Expenditure authorised by the board, but not contracted	-	18,719
	-	18,886
Operating leases		
Commercial Vehicle leases expiring	-	-
Within one year	34	-
One to five years	-	34

22 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2003.

23 RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2003 £'000	2002 £'000
Operating deficit	(5,847)	(3,964)
Depreciation of tangible fixed assets	193	109
Release of Grant	(322)	(2,528)
Provision for Bad Debts	341	233
	(5,635)	(6,150)
Working capital movements		
Debtors	(510)	(222)
Creditors	2,694	317
Net cash outflow from operating activities	(3,451)	(6,055)

24 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £'000	2002 £'000
Increase/(decrease) in cash	929	(258)
Cash flow from increase/(decrease) in liquid resources	(9,980)	13,478
Cash inflow from increase in debt and lease finance	(9,000)	-
Increase in net funds/(debt) from cash flows	(18,051)	
		13,220
Net funds at 1 April	18,615	5,395
Net funds at 31 March	564	18,615

25 ANALYSIS OF NET FUNDS

	1 April 2002 £'000	Cash flow £'000	31 March 2003 £'000
Cash at bank and in hand	23	929	952
Current asset investments	18,592	(9,980)	8,612
Changes in cash	18,615	(9,051)	9,564
Loans	-	(9,000)	(9,000)
Changes in debt	-	(9,000)	(9,000)
Changes in net funds	18,615	(18,051)	564

26 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.