


housing
south liverpool

Report and Financial Statements

◆ Year ended 31 March 2009 ◆

Registered at Companies House Number 3550000

**Registered with the Tenant Services Authority as a Social
Landlord Number L4230**



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Our Mission

"Making South Liverpool the place to be".

Our Vision

Our plans are designed to deliver real benefit to the lives of local people. These comprise:

Homes

- quality homes in neighbourhoods of choice
- grow an affordable and sustainable asset base in south Liverpool
- understand the needs of our neighbourhoods and communities
- lead and influence physical regeneration activity in south Liverpool

Services

- improve customer satisfaction and business performance
- involve customers and stakeholders in service improvement
- be acknowledged as an excellent employer delivering world class services

Enterprise

- promote opportunities for wealth creation and retention
- be recognised as the lead regeneration agency in south Liverpool
- establish a profit making social enterprise company

Board Members and Executive Officers

Chair	John McHale
Other Members	Mike Birkett Marie Ford (resigned 23 September 2008) Mavis Morgan Barbara Southern (resigned 23 September 2008) Ruth Stott Alistair Sunderland Doreen Knight Colin Strickland Larry Dack Lilian Skerry (appointed 23 September 2008) William Mvinzu-Malonda (appointed 23 September 2008 and resigned 29 June 2009)

All Board members have served on the Board throughout the year from 1 April 2008 to 31 March 2009 except where indicated.

Executive Officers:

Chief Executive	Julie Fadden
Director of Corporate Services	Anthony Russell
Director of Operations	Wayne Gales
Company Secretary	Anthony Russell

Registered office:	Parklands Conleach Road Speke Liverpool L24 0TY
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Main Business Premises:	Speke Office Parklands Conleach Road Speke Liverpool L24 0TY
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Advisors and Bankers

External Auditors: PKF (UK) LLP
Accountants & business advisers
5 Temple Square
Temple Street
Liverpool
L2 5RH

Internal Auditors: TIAA Limited
Business Support Centre
54-56 Gosport Business Centre
Aerodrome Road
Gosport
PO13 0FQ

Principal Solicitors: Trowers & Hamlin
Sceptre Court
40 Tower Hill
London
EC3N 4DX

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

Principal Lenders: The Co-operative Bank plc
Britannia House
10 Town Lane
Hanley
Stoke on Trent
ST1 2QQ

Registered with the Tenant Services Authority as a social landlord L4230

Registered at Companies House number 3550000

Report of the Board

The Board is pleased to present its report and the audited financial statements for the year ended 31 March 2009.

The Group

The South Liverpool Housing Group is made up of two organisations.

South Liverpool Housing Limited (SLH) is the group parent, a non-charitable Company limited by guarantee and a housing association registered with and regulated by the Tenant Services Authority. SLH's primary activity is housing and property management.

South Liverpool Regeneration Limited (SLR) is a charitable industrial and provident society which is concerned with wider economic, social and environmental improvements.

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.

Performance for the Year

- ◆ For the year ended 31 March 2009, the Group made a surplus of £0.65m (2008: deficit of £0.6m.) This surplus was credited against Revenue Reserves.
- ◆ To date SLH has utilised £38.5m of the £39.6m ERCF grant allocated on transfer. The majority of this has been utilised to fund the main improvement programme. The remaining grant will be utilised to underpin the environmental and regeneration work around the estate.
- ◆ **Right to Buy**
This year, £0.2m in proceeds was received through the sale of right to buy properties. 4 properties were sold at an average discounted price of £56,225. A fall in property values has been experienced throughout the area.
- ◆ **Turnover**
The year ended 31 March 2009 has seen a decrease in group turnover to £12.2m before subsidy (2008: £12.3m) due to increased rental income and reduced development subsidy. The majority of turnover represents rental income from social housing properties. The scope to increase rent is dictated by the rent

restructuring framework issued by Central Government. This framework is designed to ensure social housing properties of a similar size and within the same area yield a similar rent by 2012 or earlier. SLH increases its rent in line with the rent restructuring guidelines.

Total turnover for the year was £12.2m which included a subsidy to fund development costs of £0.05m.

◆ Operating Costs

Operating costs have decreased to £10.7m (2008: £12.4m). This is mainly due to decreases in development expenditure and major repairs.

◆ Cash

Cash and investments totalled £3.7m as at 31 March 2009 (2008: £4.8m). At 31 March 2009 all prearranged fixed debt totalling £20m was drawn leaving £13m of undrawn facility (under previous terms.)

Significant events during the year include:

- ◆ Total spending during the year on repairs and home improvements of £4.5m.
This has included during the year:
 - 291 Voids repaired/improved;
 - 206 homes re-roofed;
 - 12,090 repairs carried out to our homes.
- ◆ The association has continued to acquire properties to secure the land for the development of Garston under the Bridge. Details of these transactions are included in note 29.
- ◆ A focus on community based regeneration projects continued throughout the year.

Donations, Sponsorship and Support to local agencies

SLH has made the following contributions during the year:

- ◆ £3k 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.

Servite Houses

On 16 September 2009 SLH acquired 179 properties from Servite Houses. The properties are in the Woolton and Garston areas of south Liverpool and include 120 sheltered properties

and 59 general needs. SLH and Servite have worked in consultation with the residents over a number of months to ensure a smooth transition and handover of landlord responsibilities.

Loan Facilities

The Association has re-negotiated the loan facilities with Co-operative Bank plc/Britannia Building Society and Nationwide Building Society. There has been a slight reduction in the total facility from £33.0m to £31.5m, however this does not impact on the business as the projected peak debt is £30.3m and there is further capacity for borrowing additional funds.

Pension Costs

The Group participates in two pension schemes, the Social Housing Pension Scheme (SHPS) and the Merseyside Pension Fund (MPF). Both of these are final salary schemes, offering good benefits for our staff. The Group has contributed to the schemes in accordance with levels, set by the actuaries, of between 16.4% and 39.5%. An actuarial valuation of the SHPS was undertaken at 30 September 2008 and revealed a shortfall of assets to cover expected liabilities. On the advice of the actuary, scheme contributions will increase from 1 April 2010.

The next actuarial valuation of the MPF was due at 31 March 2009. With investment performance having fallen short of assumed levels and the impact of other external factors including changes in tax allowances, contribution to this scheme has increased to 48.2%. The Group will continue to contribute to the scheme in line with the advice of independent actuaries.

Future Developments

There are a number of key development projects that the Board supports. These include the following:

- ◆ Redevelopment of the Garston Under the Bridge project involving the new build of 310 properties in the Raglan estate under a partnering arrangement between SLH, Liverpool City Council (LCC), Liverpool Housing Trust (LHT) and developed by Lovell Partnerships Limited. Of the 310 properties, 91 will be purchased by SLH and 29 by LHT for social housing with the remaining 190 sold by the developer;
- ◆ Work is progressing on site with 40 of the first phase buildings were handed over by March 2009, and a further 51 units under construction.

Decent Homes

Currently 3,277 of the 3,413 properties meet the decent homes standard and SLH plans to achieve the decent homes standard for all properties by 2010.

Payment of Creditors

In line with government guidance, our policy is to pay purchase invoices within 28 days of receipt, or earlier if agreed with the supplier.

Health and Safety

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

Commitment to Partnership Working

Board commitment to broaden partnerships is vital to the success of our business and for the regeneration of our community.

The last financial year has seen SLH continue partnership working with both Penny Lane Builders and Sure Maintenance. Other key partnerships have been formed as part of the redevelopment project in Garston which sees the SLH Group working with Liverpool City Council, Liverpool Housing Trust and Lovell Partnerships Limited.

Board Members and Executive Officers

The names of Board Members and Executive Officers are shown on Page 4. The Board structure consists of 10 members of whom 4 are Independent, 4 are Tenants and 2 are Local Authority Nominees.

The SLR Board comprises 6 members, 4 of whom are appointed by the SLH Board.

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

The Board and Management have agreed a framework of performance reporting that includes Key Performance Indicators (KPIs). The KPIs below have been benchmarked against the LSVT Northern Benchmarking Group on Housemark. The KPI's are reviewed quarterly by the board which allows regular performance assessment and comparison within the sector.

KPI's include:

- ◆ Percentage of rent collected of 98.79% (2008: 101.6%%) against a LSVT Northern Average of 99.57%

- ♦ Emergency repairs completed in target of 94.54% against a LSVT Northern Average of 99.10%
- ♦ Urgent repairs completed in target of 97.91% against a LSVT Northern Average of 97.95%
- ♦ Routine repairs completed in target of 97.38% against a LSVT Northern Average of 97.30%

Insurance

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

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 committed to equality and diversity in the recruitment and retention of all of its employees. SLH particularly welcomes applications for employment from people from one or more of the 'equality strands' of the Single Equalities Bill. These are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming a member of one or more of the 'equality strands', every effort would be made to enable the person to continue their employment within the Company. 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 (revised 2004). The Board is totally committed to integrity and accountability in the stewardship of the Company's affairs.

There are no governance related matters to highlight this year. Board member training and appraisals have been introduced by the Board and a scheme of self assessment is in use.

The Board wishes to encourage tenants to participate in the running of SLH and to stand for election to become board members. SLH through its Service Development Team have been involved throughout the year on a range of resident involvement activities aimed at encouraging more tenants to take an active part in the running of the Company. An independent review of resident involvement has also been undertaken.

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

Committees of the Board

The Board is supported by three Committees operating under the following terms of reference:

The Audit and Quality Committee has 5 members. Its duties and responsibilities include:

- ♦ Review the Annual Financial Statements before submission to the Board;
- ♦ 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 removal of Internal and External Auditors.

The Resources Committee has 5 members. 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 the Company's loans and investment portfolio;
- ♦ Determining and recommending to the Board employment and staffing policies;
- ♦ Determining and recommending to the Board the Human Resources Strategy;
- ♦ Agreeing the Company's remuneration policy;

- ◆ Reviewing the Company's pension arrangements;
- ◆ Monitoring and recommending to the Board the Company's Information Systems Strategy.

The Operations Committee has 6 members. Its duties and responsibilities include:

- ◆ Overseeing and monitoring all aspects of SLH's development projects and investment programme;
- ◆ Determining and recommending to the Board the Asset Management Strategy;
- ◆ Overseeing and monitoring the operational performance of the organisation.

Resident Involvement

The Neighbourhood Panel continues to be responsible for all strategic resident involvement. Additionally the Board has a Community Focus Group (CFG). The CFG consists 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 areas of operation.

Statement of Internal Control

Introduction

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

Scope of Responsibility

The Chief Executive, as the Accountable Officer, is responsible for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives as determined by the Board, while ensuring compliance with statutory duties and responsibilities, safeguarding funds and assets, ensuring they are used in an effective, efficient and economic manner.

Purpose of System of Internal Control

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and

objectives; to comply with statutory requirements; and to safeguard, and make best use of, public funds and assets. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within day to day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with the principles outlined in the Tenant Services Authority circular 07/07 Internal Controls Assurance.

The system of internal control continues to be maintained through an ongoing process designed to:

- Identify and evaluate principal risks to the achievement of the Group's policies, aims and objectives and for their effective management;
- Evaluate the likelihood of those risks being realised;
- Mitigate the impact should they be realised;
- Manage these risks efficiently, effectively, economically, and as far as is reasonably practicable;

The Internal Control Environment

The Group has a Corporate Plan, developed and reviewed annually with extensive engagement with Board members and the Executive Team. The Plan forms the basis for the performance management cycle that details the annual performance expectations of employees and Board members.

The corporate objectives continue to be communicated to employees through regular team and one-to-one meetings. This process has ensured that work plans have remained relevant whilst providing clear links to corporate objectives; for example:

- demonstrating the contributions made by employees to the achievement of corporate objectives;
- assessing the impact of initiatives;
- promoting the pursuit of value for money and the identification of efficiency savings.

During the period there have been a range of initiatives to ensure employees are clear about the way in which the corporate objectives affect their role:

- two Senior Management Team presentations to all employees to alert them to relevant strategic issues;
- the Intranet used in circumstances where the rapid and consistent communication of information was judged important;
- the General Management Team, comprising all of the Executive Team, Heads of Service and third tier managers met monthly, providing a forum for two-way communication.

The Performance Management Framework has remained in place throughout the period and has been the mechanism for agreeing individuals' work goals and reviewing their performance and development, in the context of their contribution to the achievement of the corporate objectives.

Use of Performance Monitoring

During the period the well-developed procedure for reporting performance management has continued, including:

- The Business Improvement Team ensuring timely and consistent evidence of performance against target was available to management and Board members;
- The Group's Key Performance Indicators benchmarked via Housemark to ensure effective scrutiny of each area;
- Housemark presentation to the General Management Team on the quality and cost of services using 2007/8 data;
- Performance reports reviewed at both Operations Committee and the Board each quarter;
- General Management Team review of performance data each month.

The Group has Financial Regulations and Standing Orders in place to define the parameters and responsibilities for budget management. These were reviewed by the Resources Committee during the period and consequently updated.

Effective Governance Arrangements

The Group's three Committees have continued to support and provide assurance about the quality of governance. The Committees have:

- overseen the operation of and adherence to the Financial Regulations and Standing Orders;

- monitored the ongoing effectiveness of the internal Schedule 1 reporting within the Group;
- overseen complaints procedures and monitored the outcome of complaints to the Ombudsman;
- considered reports from internal and external audit;
- made, as appropriate, recommendations to the Board on the amendment, alteration or review of policies.

The Audit Committee in particular has continued to provide independent assurance on the adequacy of the risk management framework and the associated internal control environment; independent scrutiny of the Group's financial and non-financial performance to the extent that it affects the Group's exposure to risk as well as overseeing the financial reporting process.

Specifically, during the period this Committee has:

- Considered the effectiveness of the Group's governance arrangements with regard to the delegation of authority for decision making.
- Considered governance arrangements for Health and Safety.
- Reviewed the effectiveness of the Board's approach to appraising new business opportunities.
- Reviewed the management arrangements for human resources and equality and diversity.
- Reviewed the risk management arrangements around insurances.
- Reviewed the approach and processes for major repairs.
- Reviewed internal audit reports and issues arising and sought assurance that action was taken through a mechanism of exception and follow up reporting;
- Approved internal audit's annual plan.
- Ensured effective arrangements between internal and external audit;
- Met with and considered the reports of external audit, reviewed the financial statements, and monitored management action in response to issues raised;
- Reviewed the Group's Best Value Reviews and Continuous Improvement plans in line with guidelines from the Tenant Services Authority;

- Continued to review Fraud through a standing item on its agenda, with no instances reported during the period.

The Group recognises that effective Board member appraisal is an important element in good governance and continued to carry out appraisals during the year and reviewed both Board and Committee effectiveness at a Strategy Weekend in November 2008.

Robust Risk Management Processes

A Risk Management Forum, made up of key staff, was set up and meets quarterly throughout the year. The forum has clear terms of reference and considers reports from teams and individuals on potential changes to risk exposure and internal controls.

Risk management continues to be a standing agenda item on the Audit and Quality Committee meeting agenda and the Board and Committee report template was updated to contain a risk management section that can be directly cross referenced with the Risk Map.

The following mechanisms have remained in place during the period and are designed to provide effective strategic internal risk control:

- The Risk Management Strategy approved by the Board and new initiatives subject to a full risk assessment;
- A clearly defined management and reporting structure;
- Approval by the Board of an annual budget;
- A rolling 30 year Financial Business Plan, remodelled in line with the internal and external environment;

Review of Effectiveness of Internal Controls

The Board is satisfied that effective systems of internal control have been operated in the period under review. In arriving at its opinion, the Board has conducted its annual review and placed reliance on several sources of evidence. The primary source of evidence is the reports from the internal audit service provided by TIAA. During 2008/9, 63 days of internal audit time was committed to the management of the internal audit function by TIAA, with a further 59 committed for 2009/10, the plan for which was agreed by the Audit and Quality Committee in January 2009.

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.

♦ **Financial instruments**

The company's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

♦ **Cash flow interest rate risk**

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Company's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Company's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Company.

♦ **Inflation**

There is a risk to the business of inflation particularly for building costs and the effect of negative inflation in 2009 which will impact on rent levels. The Board monitors inflation indices and mitigates inflation changes through the value for money and procurement strategies.

Control Environment and Internal Controls

The processes to identify and manage the key risks to which the Group is exposed are an integral part of the internal control environment. Such processes, which are reviewed at least annually, 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 Risk Management Strategy approved by the Board with new initiatives subject to a full risk assessment;
- ◆ Monitoring of the control system by the Audit and Quality Committee, Internal Auditors and Management Review;
- ◆ A clearly defined management and reporting structure;
- ◆ A 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;
- ◆ A 30 year Financial Business Plan;
- ◆ Financial Regulations and key procedures for staff;
- ◆ The production of monthly performance information and management accounts for monitoring and review;

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 Resources Committee. The Committees 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 and Quality Committee. The Audit and Quality Committee ensures that corrective action is taken in relation to any significant control issues.

Going Concern

After making enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Disclosure of information to auditors

At the date of making this report each of the board members, as set out on page 4, confirm the following:

- ◆ so far as each member is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- ◆ each member has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

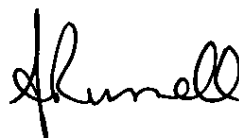
Annual General Meeting

The annual general meeting will be held on 22nd September 2009.

External Auditors

A resolution to reappoint PKF (UK) LLP will be proposed at the forthcoming Annual General Meeting.

The report of the board was approved on 22nd September 2009 and signed on its behalf by:



Anthony Russell
Company Secretary

Date: 22 September 2009

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

annual reports may differ from legislation in other jurisdictions.

The board is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law 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 at the end of the year and of the surplus for the Group and association for the year then ended. In preparing these financial statements the Board is required to:

- ♦ Select suitable accounting policies and apply them consistently;
- ♦ Made judgements and estimates that are reasonable and prudent;
- ♦ Follow applicable United Kingdom accounting standards and the Statement of Recommended Practice: "Accounting for registered social landlords" (Updated 2008); and
- ♦ Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the group and association will continue in business.

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 Companies Act 1985, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements of registered social landlords General Determination 2006. It is also responsible for 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 is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (Updated 2008).

The Board is responsible for the maintenance and integrity of the corporate and financial information on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in

Group Highlights – Five Year Summary

For the year ended 31 March 2009	2009	2008 Restated	2007	2006	2005
Group Income and Expenditure account (£'000s)					
Total turnover – continuing activities	12,231	12,250	11,502	15,922	11,389
Income from lettings	10,707	10,872	10,175	9,950	9,736
Operating Surplus / (Deficit)	1,524	(190)	728	948	1,648
Surplus / (Deficit) for the year	654	(326)	2,961	1,825	4,051
Group Balance Sheet (£'000s)					
Tangible fixed assets, net of depreciation	50,533	47,787	46,743	45,404	46,300
HG and other capital grants	(30,406)	(29,571)	(29,895)	(29,990)	(30,952)
Tangible fixed assets net of capital grants and depreciation	20,127	18,196	16,848	15,414	15,348
Net current assets / (liabilities)	3,131	3,440	6,567	3,012	375
Loans (due over one year)	20,000	20,000	20,000	20,000	20,000
Consolidated deficit	(3,269)	(4,393)	(3,243)	(6,471)	(8,085)
Accommodation figures					
Total housing stock owned and managed at year end (<i>number of dwellings</i>):					
Social housing	3,413	3,416	3,429	3,548	3,623

Independent Auditors' Report to the Members of South Liverpool Housing Limited

We have audited the group and association financial statements ('the financial statements') of South Liverpool Housing Limited for the year ended 31 March 2009 which comprise the consolidated and association income and expenditure accounts, balance sheets, and statements of total recognised surpluses and deficits and the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with section 235 of the Companies Act 1985 and Schedule 1 to the Housing Act 1996. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the 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 Boards' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of responsibilities of the Board.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2006. We also report to you whether in our opinion the information given in the Report of the Board is consistent with the financial statements.

In addition we report to you if, in our opinion, the association has not kept proper accounting

records, if the association's financial statements are not in agreement with those 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 other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Board and Group highlights. 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 other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the association's affairs as at 31 March 2009 and of the group's and the association's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2006; and
- the information given in the Report of the Board is consistent with the financial statements.

PKF (UK) LLP

PKF (UK) LLP

Registered Auditors

5 Temple Square
Temple Street
Liverpool
L2 5RH

Dated: *28 September 2009*

**Consolidated Income and Expenditure Account
for the year ended 31 March 2009**

	Note	2009 £'000	2008 £'000 Restated
Turnover: continuing activities	3	12,231	12,250
Operating costs	3	<u>(10,707)</u>	<u>(12,440)</u>
Operating Surplus / (Deficit): continuing activities	5	1,524	(190)
Surplus on sale of fixed assets	6	346	901
Interest receivable and other income	7	150	308
Interest payable and similar charges	8	(1,259)	(1,280)
Other finance costs	10	<u>(107)</u>	<u>(65)</u>
Surplus / (Deficit) on ordinary activities before taxation		654	(326)
Tax on surplus on ordinary activities	11	<u>-</u>	<u>(272)</u>
Surplus / (Deficit) for the financial year	22	<u>654</u>	<u>(598)</u>

The notes on pages 23 to 47 form part of these financial statements.

**Association Income and Expenditure Account
for the year ended 31 March 2009**

	Note	2009 £'000	2008 £'000 Restated
Turnover: continuing activities	3	12,085	12,074
Operating costs	3	(10,561)	(12,061)
Operating surplus: continuing activities	5	1,524	13
Surplus on sale of fixed assets	6	346	901
Interest receivable and other income	7	131	300
Interest payable and similar charges	8	(1,259)	(1,280)
Other finance costs	10	(107)	(65)
Surplus on ordinary activities before taxation		635	(131)
Tax on surplus on ordinary activities	11	-	(272)
Surplus / (Deficit) on ordinary activities before taxation		635	(403)
Gift Aid Payment		-	(400)
Surplus / (Deficit) for the financial year	22	635	(803)

The notes on pages 23 to 47 form part of these financial statements.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2009

	Note	Group		Association	
		2009	2008 Restated	2009	2008 Restated
		£'000	£'000	£'000	£'000
Surplus / (Deficit) for the financial year		654	(598)	635	(803)
Actuarial gain/(loss) relating to pension scheme	10	470	(224)	470	(224)
Total recognised surpluses and deficits relating to the year		1,124	(822)	1,105	(1,027)
Prior Year Adjustment	30	(442)	-	(442)	-
Total Surpluses and (deficits) recognised since the last report		682	(822)	663	(1,027)

Reconciliation of movements in Group's and Association's funds


For the year ended 31 March 2009

		Group 2009 £'000	Association 2009 £'000
Opening total funds as at 1 April 2008	22	(3,951)	(4,591)
Prior Year Adjustment	30	(442)	(442)
Total recognised surpluses and deficits relating to the year		1,124	1,105
Closing total funds		(3,269)	(3,928)

**Consolidated Balance Sheet
at 31 March 2009**

	Note	2009 £'000	2008 Restated £'000
Tangible fixed assets			
Housing Properties	12	50,144	47,435
Housing Grant	12	(29,906)	(29,091)
Other Grant	12	(500)	(500)
		<u>19,738</u>	<u>17,844</u>
Other tangible fixed assets	13	389	352
		<u>20,127</u>	<u>18,196</u>
Current assets			
Property for resale	15	2,137	2,137
Debtors	16	1,152	905
Cash at bank and in hand		<u>3,689</u>	<u>4,746</u>
		<u>6,978</u>	<u>7,788</u>
Creditors: amount falling due within one year	17	<u>(3,847)</u>	<u>(4,348)</u>
Net current assets		<u>3,131</u>	<u>3,440</u>
Total assets less current liabilities		<u>23,258</u>	<u>21,636</u>
Creditors: amount falling due after more than one year	18	24,979	24,046
Net Pension Liability	10	<u>1,548</u>	<u>1,983</u>
		<u>26,527</u>	<u>26,029</u>
Capital and Reserves			
Revenue Reserve	22	<u>(3,269)</u>	<u>(4,393)</u>
Consolidated funds		<u>23,258</u>	<u>21,636</u>

The financial statements were approved by the Board on 22/04/09 and signed on its behalf by:


John McHale
Chair

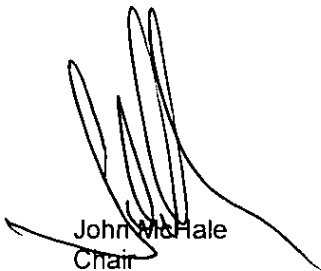

Mavis Morgan
Vice Chair


Anthony Russell
Secretary

**Association Balance Sheet
at 31 March 2009**

	Note	2009 £'000	2008 Restated £'000
Tangible fixed assets			
Housing Properties	12	50,074	47,365
Housing Grant	12	(29,836)	(29,021)
Other Grant	12	(500)	(500)
		<u>19,738</u>	<u>17,844</u>
Other tangible fixed assets	13	<u>389</u>	<u>352</u>
		<u>20,127</u>	<u>18,196</u>
Current assets			
Properties for resale	15	2,137	2,137
Debtors	16	1,169	949
Cash at bank and in hand		<u>2,871</u>	<u>4,009</u>
		<u>6,177</u>	<u>7,095</u>
Creditors: amount falling due within one year	17	<u>(3,705)</u>	<u>(4,295)</u>
Net current assets		<u>2,472</u>	<u>2,800</u>
Total assets less current liabilities		<u>22,599</u>	<u>20,996</u>
Creditors: amount falling due after more than one year	18	24,979	24,046
Net Pension Liability	10	<u>1,548</u>	<u>1,983</u>
		<u>26,527</u>	<u>26,029</u>
Capital and Reserves			
Revenue Reserve	22	<u>(3,928)</u>	<u>(5,033)</u>
Association's Funds		<u>22,599</u>	<u>20,996</u>

The financial statements were approved by the Board on 22/05/09 and signed on its behalf by:


John McHale
Chair


Mavis Morgan
Vice Chair


Anthony Russell
Secretary

**Consolidated Cashflow Statement
for the year ended 31 March 2009**

		2009	2009	2008	2008
	Note	£'000	£'000	Restated £'000	Restated £'000
Net cash inflow from operating activities	25		2,422		1,425
Returns on investment and servicing of finance					
Interest received		150		308	
Interest paid		<u>(1,259)</u>		<u>(1,280)</u>	
			(1,109)		(972)
Capital Expenditure					
Purchase and construction of housing properties		(3,121)		(2,217)	
Social housing grant – received		815		50	
Improvement programme expenditure		(171)		(263)	
Purchase of other fixed assets		(239)		(274)	
Sales of housing properties		220		909	
Sale of other fixed assets		<u>126</u>		<u>(8)</u>	
			(2,370)		(1,803)
Management of Liquid Resources					
Increase in loan					
Increase / (Decrease) in Cash			<u>(1,057)</u>		<u>(1,350)</u>

The notes on pages 23 to 47 form part of these financial statements

Notes to the Accounts

1 Legal Status

SLH is registered under the Companies Act 1985, is limited by guarantee and is recognised with Tenant services Authority TSA (formerly The Housing Corporation) as a social landlord.

2 Accounting Policies

Basis of accounting

The financial statements of the group and association are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, update issued in January 2008 (SORP 2008), and comply with the Accounting Requirements for registered social landlords General Determination 2006. The Board is satisfied that the current accounting policies are the most appropriate for the Group and Association.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary at 31 March 2009, using acquisition accounting.

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 receivable in the year.

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

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

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

Value Added Tax

The Group 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 Revenue and Customs. The balance of VAT payable is included as a current liability.

Interest payable

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

Pensions

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS') and the Merseyside Pension Fund ('MPF').

For the SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

For the MPF, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Supported Housing Managed by Agencies

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.

Contract Costs

Costs incurred in the redevelopment of "Garston Under the Bridge" which are directly attributable to the project, are recognised as a fixed asset.

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.

Housing Grant

Housing grant (HG) is receivable from the European Union and is utilised to reduce the capital costs of housing properties, including land costs. The amount of HG receivable is calculated on a fixed basis depending on the size, location and type of housing property. HG received in advance is included as a liability. HG 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.

HG is subordinated to the repayment of loans by agreement with the Homes and Community agency HCA (formerly the Housing Corporation).

HG shown in the fixed asset note solely comprises of ERCF grant spent on capital improvements.

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 HG and other grants less residual value. The Company's housing properties are depreciated at the following rates from 1999:

Housing properties

- general needs – houses Based on the Useful economic life of the individual components.
- general needs – flats Based on the Useful economic life of the individual components.

With the adoption of SORP 2008, improvement expenditure capitalised has to be depreciated based on the useful economic lives of the components capitalised.

Impairment

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 surpluses and deficits.

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 Resale

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 of housing subsidy. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

True and fair override

Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet (see note 12). This is a departure from the rules under Schedule 4 of the Companies Act 1985 but in the opinion of the Board is a relevant accounting policy, comparable to that adopted by other registered social landlords that has been adopted in order to present a true and fair view.

3 Group, Turnover, Operating Costs and Operating surplus – continuing activities

	2009		
	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social Housing Lettings	11,495	(9,499)	1,996
Other social housing activities			
Development Costs (note 29)	47	(47)	-
Community Regeneration	346	(821)	(475)
	393	(868)	(475)
Non social housing activities			
Commercial and market rented properties	28	(11)	17
Supporting People	315	(329)	(14)
	12,231	(10,707)	1,524

	2008 Restated		
	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social Housing Lettings	10,872	(10,229)	643
Other social housing activities			
Development Costs (note 29)	722	(1,030)	(308)
Community Regeneration	346	(874)	(528)
	1,068	(1,904)	(836)
Non social housing activities			
Commercial and market rented properties	15	(10)	5
Supporting People	295	(297)	(2)
	12,250	(12,440)	(190)

3 Association – Turnover, Operating Costs and Operating surplus continuing activities (continued)

	2009		
	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social Housing Lettings	11,495	(9,499)	1,996
Other social housing activities			
Development Costs (note 29)	47	(47)	-
Community Regeneration	200	(675)	(475)
	247	(722)	(475)
Non social housing activities			
Commercial and market rental properties	28	(11)	17
Supporting People	315	(329)	(14)
	12,085	(10,561)	1,524

	2008 Restated		
	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000
Social Housing Lettings	10,872	(10,229)	643
Other social housing activities			
Development Costs (note 29)	722	(1,030)	(308)
Community Regeneration	170	(495)	(325)
	892	(1,525)	(633)
Non social housing activities			
Commercial and market rented properties	15	(10)	5
Supporting People	295	(297)	(2)
	12,074	(12,061)	13

3 Turnover, Operating Costs and Operating Result (continued)

Particulars of Income and Expenditure from Social Housing Lettings

Group and Association	2009	2008
	General Housing £'000	Restated General Housing £'000
Turnover from social housing lettings		
Rent receivable net of identifiable service charges	11,307	10,706
Service charges receivable	188	166
Net rental income	11,495	10,872
Turnover from social housing lettings	11,495	10,872
Management	(4,253)	(4,243)
Services	(201)	(165)
Routine Maintenance	(905)	(965)
Planned Maintenance	(1,903)	(1,859)
Major Repairs	(1,476)	(2,364)
Bad Debts	(207)	(143)
Depreciation of housing properties	(554)	(490)
Operating costs on social housing lettings	(9,499)	(10,229)
Operating surplus on social housing lettings	1,996	643
Void Losses	153	139

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	
	2009	2008
	No.	Restated No.
Social housing		
Total General Housing owned	3,390	3,393
Total Accommodation managed on behalf of others	23	23
Total owned and managed	3,413	3,416

5 Operating Surplus / Deficit

This is arrived at after charging.

	Group		Association	
	2009	2008	2009	2008
		Restated		Restated
	£'000	£'000	£'000	£'000
Depreciation of other tangible fixed assets	202	185	202	185
Depreciation of housing properties	554	490	554	490
Operating leases				
- Land and buildings	189	171	189	171
- Vehicles	-	-	-	-
Fees payable to the Company's auditor for the audit of the annual financial statements	19	19	19	19
Fees payable to the Company's auditor for other services relating to taxation	7	3	7	3

6 Surplus/(Deficit) on Sale of Fixed Assets

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Housing properties				
Sale proceeds	225	924	225	924
Attributable costs	(5)	(15)	(5)	(15)
Surplus on disposal of housing properties	220	909	220	909
Other Fixed Assets				
Sale proceeds	227	7	227	7
Attributable Costs	(101)	(15)	(101)	(15)
(Deficit)/Surplus on disposal	126	(8)	126	(8)
Total Assets				
Sale Proceeds	452	931	452	931
Attributable Costs	(106)	(30)	(106)	(30)
Surplus on disposal	346	901	346	901

7 Interest Receivable and Similar Income

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Interest receivable and similar income	150	308	131	300

8 Interest Payable and Similar Charges

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	(1,226)	(1,241)	(1,226)	(1,241)
Funders fee undrawn	(33)	(39)	(33)	(39)
	<u>(1,259)</u>	<u>(1,280)</u>	<u>(1,259)</u>	<u>(1,280)</u>

9 Board Members and Executive Directors

	Basic Salary	Pension	2009 Total	2008 Total
	£'000	£'000	£'000	£'000
Chair of the Board				
John McHale	8	-	8	8
Chief Executive				
Julie Fadden	108	16	124	114
Director of Corporate Services				
Anthony Russell	89	13	102	68
Director of Operations				
Wayne Gales	87	31	118	42
Alistair Sunderland	2	-	2	1
Barbara Southern	-	-	-	1
Rob Brown	4	-	4	-
Lawrence Dack	2	-	2	1
Mike Birkett	4	-	4	1
Mavis Morgan	2	-	2	1
Ruth Stott	2	-	2	1
Doreen Knight	2	-	2	1
Colin Strickland	2	-	2	-
Lillian Skerry	1	-	1	-
Colin Strickland	2	-	2	1
William Mvinzu-Malonda	1	-	1	-
Aggregate emoluments	<u>316</u>	<u>60</u>	<u>376</u>	<u>240</u>

Basic salary amounts incorporate benefits in kind.

No other board members received emoluments.

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £108,000.

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

10 Employees
Average Numbers:

	Group		Association	
	2009 No.	2008 No.	2009 No.	2008 No.
Average monthly number of employees expressed in full time equivalents :				
Administration	31	36	31	36
Development and repairs	8	10	8	10
Housing, support and care	29	25	29	25
Regeneration	24	29	21	26
	<u>92</u>	<u>100</u>	<u>89</u>	<u>97</u>
	£'000	£'000	£'000	£'000
Employee costs:				
Wages and salaries	2,352	2,512	2,290	2,455
Social security costs	208	216	203	211
Other pension costs	295	282	289	279
	<u>2,855</u>	<u>3,010</u>	<u>2,782</u>	<u>2,945</u>

The Association employees are members of the Merseyside Pension Fund (MPF) or the Social Housing Pension Scheme (SHPS). Further information is given below.

The Merseyside Pension Fund (Group and Association)

The Merseyside Pension Fund (MPF) is a multi-employer scheme. 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.

Contributions

The defined benefit scheme employers' contributions for the Group and Association at 31 March 2009 were £128,000 (2008: £133,000) and the employer's contribution rate was 39.5% of pensionable pay.

Assumptions

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

	At 31 March 2009 % Per Annum	At 31 March 2008 % Per Annum	At 31 March 2007 % Per Annum
Inflation assumption	3.3%	3.6%	3.1
Rate of increase in salaries	4.55%	4.85%	4.35
Rate of increase in pensions	3.3%	3.6%	3.1
Discount rate	7.1%	6.1%	5.4

Fair value and Expected Rate of Return

The fair value and expected return on assets in the MPF related to the group and association were:

	Market Value at 31 March 2009 £'000	Expected return at 31 March 2009 %	Market Value at 31 March 2008 Restated £'000	Expected return at 31 March 2008 %	Market Value at 31 March 2007 £'000	Expected return at 31 March 2007 %
Equities	1,120	7.5%	1,502	7.5%	1,423	7.50
Government Bonds	370	4.0%	420	4.6%	410	4.70
Other Bonds	100	6.0%	154	6.1%	144	5.40
Property	194	6.5%	227	6.5%	239	6.50
Cash/Liquidity	88	0.5%	117	5.25%	132	5.25
Other	217	7.5%	191	7.5%	93	7.50
Market value of assets	2,089		2,611		2,441	
Present value of scheme liabilities	(3,637)		(4,594)		(4,164)	
Net pension liability	(1,548)		(1,983)		(1,723)	

Analysis of the amount charged to the income and expenditure account

	2009 £'000	2008 £'000
Current service cost	(56)	(70)
Past Service (Cost) / Gain	0	(29)
Total Operating (Cost) / Gain	(56)	(99)

Analysis of the amounts charged to other finance costs

	2009 £'000	2008 £'000
Expected return on pension scheme assets	169	160
Interest on pension scheme liabilities	(276)	(225)
Net Cost	(107)	(65)

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

	2009 £'000	2008 Restated £'000
Actual return less expected return on pension scheme assets	(630)	(51)
Experience gains and losses on pension scheme liabilities	-	-
Changes in assumptions underlying the present value of scheme liabilities	1,100	(173)
Actuarial gain / (deficit) recognised in STRSD	<u>470</u>	<u>(224)</u>

Movement in deficit during the year

	2009 £'000	2008 Restated £'000
Group and association share of scheme liabilities at beginning of year	(1,983)	(1,728)
Movement in year:		
Current service cost	(56)	(70)
Past Service Cost	-	(29)
Contributions	128	133
Net interest loss	(107)	(65)
Actuarial gain/(deficit)	<u>470</u>	<u>(224)</u>
Group and association share of scheme liabilities at end of year	<u>(1,548)</u>	<u>(1,983)</u>

History of experience gains and losses

	2009	2008	2007	2006	2005
Difference between expected and actual return on share of scheme assets:					
Amount (£'000)	(630)	(51)	-	(297)	(118)
Percentage of share of scheme assets	30.2%	2.0%	0.0%	13.1%	6.5%
Experience gains and losses on share of scheme liabilities:					
Amount (£'000)	-	(60)	-	(92)	(303)
Percentage of the present value of share of scheme liabilities	-	1.3%	0.0%	2.2%	8.5%
Total amount recognised in STRSD					
Amount (£'000)	470	(224)	267	(211)	(418)
Percentage of the present value of share of scheme liabilities	12.9%	4.9%	6.4%	5.0%	11.7%

The Social Housing Pension Scheme (Group and Association)

"Social Housing Pension Scheme"

New staff employed by the Company are eligible to participate in the Social Housing Pension Scheme (SHPS). The scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2007. From April 2007, there are three benefit structures available, namely:

- Final salary with 1/60th accrual rate.
- Final salary with 1/70th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.

An employer can elect to have different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Company has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2008 the split of the total contribution rate between member and employer is set at the individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, the Company paid contributions at a rate of 16.4%. Member contributions varied between 4.1% and 6.1% depending on their age.

As at 31st March 2009, there were 41 active members of the Scheme employed by the Company. The Company continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for period under FRS17 represents the employer contribution payable.

The last formally completed valuation of the Scheme was performed at 30 September 2008 by a professionally qualified actuary using the Projected Unit method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

Financial assumptions

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

	% pa
Valuation Discount Rates	
- pre retirement	7.8
- Non pensioner post retirement	6.2
- pensioner post retirement	5.6

- Pensionable earnings growth	4.7
rate of price inflation	3.2
rate of pension increases	
- Pre 88 GMP	0.0
Post 88 GMP	2.8
- Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

Valuation results

The valuation was carried out using the following demographic assumptions.

The valuation was carried out using the PA92mc Yob mortality table for non pensioners and pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non – pensioners	21.3	24.0
Pensioners	20.3	23.1

The long term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit Structure	Long term joint contribution rate (% of pensionable salaries)
Final Salary with 1/60th accrual	17.8
Final Salary with 1/70th accrual	15.4
Career average revalued earnings with a 1/60th accrual rate	14.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries with effect from 1 April 2010 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the scheme to new entrants are required to pay an additional employer contribution loading of 3% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the Social Housing Pension Scheme.

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

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power

under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.

Following a change in legislation in September 2005 there is a potential debt that could be levied by the Trustee of the Scheme. The debt is due in the event of an employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities of the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy out debt.

The leaving employer's share of the buy out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends upon many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy out market. The amounts of debt can therefore be volatile over time.

The Company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2008. As of the date the Company's estimated employer debt was £2,423,384.

11 Taxation on Ordinary Activities

	Group and Association	
	2009	2008
	£'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	-	257
Adjustments in respect of prior years	-	(25)
Effect of tax rate change on opening balance	-	40
	-	272
Current tax reconciliation		
	Group	
	2009	2008
	£'000	Restated
		£'000
Surplus / (deficit) on ordinary activities before taxation	654	(326)
Theoretical tax at UK corporation tax rate 28% (2008:30%)	183	(98)
Effects of:		
- expenses not deductible for tax purposes	218	74
- income not within the charge to corporation tax	(68)	(62)
- other timing differences	-	3
- pension adjustment FRS17	10	(10)
- utilisation and movements on tax losses	(343)	(222)
- chargeable gains in excess of profits	-	315
	-	-
	Association	
	2009	2008
	£'000	Restated
		£'000
Surplus / (deficit) on ordinary activities before taxation	635	(131)
Theoretical tax at UK corporation tax rate 28% (2008:30%)	178	(39)
Effects of:		
- expenses not deductible for tax purposes	218	74
- income not within the charge to corporation tax	(63)	-
- other timing differences	-	(72)
- pension adjustment FRS17	10	(10)
- utilisation and movements on tax losses	(343)	(268)
- chargeable gains in excess of profits	-	315
	-	-

Unrelieved losses of £2.5m (2008: £4.7m) are carried forward and are available to reduce the tax liability in respect of future profits. These losses may be altered dependant on the availability of rollover relief.

12 Tangible Fixed Assets – Properties Restated

Group	Social housing properties held for letting £'000	Social housing properties under construction £'000	Land £'000	Total £'000
Cost				
At 1 April 2008	44,634	4,616	421	49,671
Additions	-	3,121	-	3,121
Works to existing properties	171	-	-	171
Disposals	(29)	-	-	(29)
At 31 March 2009	<u>44,776</u>	<u>7,737</u>	<u>421</u>	<u>52,934</u>
Depreciation and impairment				
At 1 April 2008	(2,236)	-	-	(2,236)
Charged in year	(491)	(63)	-	(554)
At 31 March 2009	<u>(2,727)</u>	<u>(63)</u>	<u>-</u>	<u>(2,790)</u>
Net book value				
At 31 March 2009	<u>42,049</u>	<u>7,674</u>	<u>421</u>	<u>50,144</u>
At 31 March 2008	<u>42,398</u>	<u>4,616</u>	<u>421</u>	<u>47,435</u>
Housing Grant				
At 1 April 2008	(28,642)	(379)	(70)	(29,091)
Additions	(191)	(653)	-	(844)
Disposals	29	-	-	29
At 31 March 2009	<u>(28,804)</u>	<u>(1,032)</u>	<u>(70)</u>	<u>(29,906)</u>
Other grants				
At 1 April 2008	-	(500)	-	(500)
Additions	-	-	-	-
At 31 March 2009	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>(500)</u>
Net book value				
At 31 March 2009	<u>13,245</u>	<u>6,142</u>	<u>351</u>	<u>19,738</u>
At 31 March 2008	<u>13,756</u>	<u>3,737</u>	<u>351</u>	<u>17,844</u>

Tangible Fixed Assets – Properties Restated

Association	Social housing properties held for letting £'000	Social housing properties under construction £'000	Land £'000	Total £'000
Cost				
At 1 April 2008	44,634	4,616	351	49,601
Additions		3,121		3,121
Works to existing properties	171	-	-	171
Disposals	(29)	-	-	(29)
At 31 March 2009	<u>44,776</u>	<u>7,737</u>	<u>351</u>	<u>52,864</u>
Depreciation and impairment				
At 1 April 2008	(2,236)	-	-	(2,236)
Charged in year	(491)	(63)	-	(554)
At 31 March 2009	<u>(2,727)</u>	<u>(63)</u>	<u>-</u>	<u>(2,790)</u>
Net book value				
At 31 March 2009	<u>42,049</u>	<u>7,674</u>	<u>351</u>	<u>50,074</u>
At 31 March 2008	<u>42,398</u>	<u>4,616</u>	<u>351</u>	<u>47,365</u>
Housing Grant				
At 1 April 2008	(28,642)	(379)	-	(29,021)
Additions	(191)	(653)	-	(844)
Disposals	29	-	-	29
At 31 March 2009	<u>(28,804)</u>	<u>(1,032)</u>	<u>-</u>	<u>(29,836)</u>
Other grants				
At 1 April 2008	-	(500)	-	(500)
Additions	-	-	-	-
At 31 March 2009	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>(500)</u>
Net book value				
At 31 March 2009	<u>13,245</u>	<u>6,142</u>	<u>351</u>	<u>19,738</u>
At 31 March 2008	<u>13,756</u>	<u>3,737</u>	<u>351</u>	<u>17,844</u>

Expenditure on works to existing properties

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Amounts capitalised	171	263	171	263
Amounts charged to income and expenditure account	1,476	2,364	1,476	2,364
Total	<u>1,647</u>	<u>2,627</u>	<u>1,647</u>	<u>2,627</u>

12 Tangible fixed assets – Group and Association (continued)
Housing grant

	Group		Association	
	2009	2008	2009	2008
	£'000	Restated	£'000	Restated
		£'000		£'000
Total accumulated HG receivable at 31 March was:				
Capital grants	30,406	29,591	30,336	29,521
	<u>30,406</u>	<u>29,591</u>	<u>30,336</u>	<u>29,521</u>

Housing properties book value, net of depreciation and grants, and offices net book value (note 12) comprises:

	Group		Association	
	2009	2008	2009	2008
	£'000	Restated	£'000	Restated
		£'000		£'000
Freehold land and buildings	18,594	16,700	18,594	16,700
	<u>18,594</u>	<u>16,700</u>	<u>18,594</u>	<u>16,700</u>

13 Tangible Fixed Assets – Other

Group and Association	Plant & Equipment	Fixtures & Fittings	Computer & office equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2008	91	246	914	1,251
Additions	23	35	181	239
Disposals	-	-	(31)	(31)
At 31 March 2009	<u>114</u>	<u>281</u>	<u>1,064</u>	<u>1,459</u>
Depreciation				
At 1 April 2008	(53)	(211)	(635)	(899)
Charged in year	(20)	(24)	(158)	(202)
Disposals	-	-	31	31
At 31 March 2009	<u>(73)</u>	<u>(235)</u>	<u>(762)</u>	<u>(1,070)</u>
Net book value				
At 31 March 2009	<u>41</u>	<u>46</u>	<u>302</u>	<u>389</u>
At 31 March 2008	<u>38</u>	<u>35</u>	<u>279</u>	<u>352</u>

14 Investments in Subsidiaries

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

15 Properties for Resale

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Stock acquired (note 29)	<u>2,137</u>	<u>2,137</u>	<u>2,137</u>	<u>2,137</u>

16 Debtors

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Rent receivable	1,277	1,249	1,277	1,249
Less: Provision for bad and doubtful debts	(1,004)	(1,026)	(1,004)	(1,026)
	273	223	273	223
Due from subsidiary undertaking	-	-	18	84
Other debtors	585	419	585	419
Prepayments and accrued income	294	263	293	223
	<u>1,152</u>	<u>905</u>	<u>1,169</u>	<u>949</u>

In Other Debtors above, there is a deferred tax asset of £298,000 (2008: £298,000)

	Group and Association		Group and Association	
	Provided		Unprovided	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(38)	(38)	-	-
Other timing differences	(20)	(20)	-	-
Tax losses	(240)	(240)	-	-
	<u>(298)</u>	<u>(298)</u>	<u>-</u>	<u>-</u>

Taxable losses have been incurred in prior periods which are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as it is not certain that the Company will generate taxable profits within the immediate future.

17 Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade creditors	509	463	509	463
Rent received in advance	525	478	525	478
ERCF Grant	100	986	100	986
Recycled Capital Grant Fund (note 19)	49	48	49	48
Other taxation and social security	(4)	82	(4)	82
Accruals and deferred income	2,668	2,291	2,526	2,238
	<u>3,847</u>	<u>4,348</u>	<u>3,705</u>	<u>4,295</u>

Payments to creditors

The Group's policy is to pay purchase invoices within 28 days of receipt, or earlier if alternative payment terms have been agreed.

18 Creditors: Amounts Falling Due After More Than One Year

	Group		Association	
	2009	2008 Restated	2009	2008 Restated
	£'000	£'000	£'000	£'000
Debt (note 21)	20,000	20,000	20,000	20,000
ERCF grant	976	164	976	164
Development loan (note 29)	2,999	2,999	2,999	2,999
Other creditors	101	-	101	-
Disposal proceeds fund	903	883	903	883
	<u>24,979</u>	<u>24,046</u>	<u>24,979</u>	<u>24,046</u>

19 Recycled Capital Grant Fund

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
At 1 April	48	-	48	-
Grant recycled	-	48	-	48
Interest accrued	1	-	1	-
At 31 March	<u>49</u>	<u>48</u>	<u>49</u>	<u>48</u>

20 Disposal Proceeds Fund

	Group		Association	
	2009	2008 Restated	2009	2008 Restated
	£'000	£'000	£'000	£'000
At 1 April	883	846	883	846
Net sale proceeds recycled	-	479	-	479
Interest accrued	20	33	20	33
Acquisition of dwellings for letting	-	(475)	-	(475)
At 31 March	<u>903</u>	<u>883</u>	<u>903</u>	<u>883</u>

21 Debt Analysis

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Debt is repayable as follows:				
	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Within one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	2,000	-	2,000	-
After five years	<u>18,000</u>	<u>20,000</u>	<u>18,000</u>	<u>20,000</u>
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

Housing Loans from Financial Institutions are secured by specific charges on the Company's housing properties. The Company had a loan facility of £33m and at 31st March 2009 £20m of this facility was drawn down.

22 Revenue Reserves

	Group	Association
	2009	2009
	£'000	£'000
At 1 April 2008	(3,951)	(4,591)
Prior Year Adjustment	30 (442)	(442)
Restated Reserves at 1 April 2008	(4393)	(5033)
Surplus for the financial year	654	635
Actuarial gain/(loss) relating to pension scheme	470	470
At 31 March 2009	<u>(3,269)</u>	<u>(3,928)</u>

At 31 March 2009, the revenue reserves included £1,548,000 defined benefit pensions liability (2008 £1,983,000)

23 Financial Commitments

Capital Expenditure commitments were as follows:

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Capital Expenditure				
Expenditure contracted for but not provided in the accounts	2,888	5,036	2,888	5,036
Expenditure authorised by the Board, but not contracted	-	-	-	-
	<u>2,888</u>	<u>5,036</u>	<u>2,888</u>	<u>5,036</u>

The above commitments will be financed from cash balances £2,415k, and social housing grant £473k..

Operating leases

The payments which the group and association are committed to make in future years under operating leases are as follows:

	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Operating leases expiring:	Vehicles	Vehicles	Buildings	Buildings
Within one year	-	-	47	-
Two to five years	-	-	-	52
More than five years	-	-	125	116

24 Contingent Liabilities

There were no contingent liabilities at 31 March 2009 (2008: nil).

25 Reconciliation of Operating Deficit to Net Cash Inflow/(Outflow) from Operating Activities

	2009 £'000	2008 Restated £'000
Operating surplus / (deficit)	1,524	(190)
Depreciation of tangible fixed assets	786	675
Pensions Operating (Credit) / Charge	56	99
Pension Contributions Paid	(128)	(133)
	2,238	451
Working capital movements		
(Increase) / Decrease in stock for resale	-	229
(Increase) / Decrease in debtors	(247)	549
Increase / (Decrease) in creditors	431	196
Net cash inflow/(outflow) from operating activities	2,422	1,425

26 Reconciliation of Net Cashflow to Movements in Net Debt

	2009 £'000	2008 £'000
(Decrease) / Increase in cash	(1,057)	(1,350)
Increase/(decrease) in net debt from cash flows	(1,057)	(1,350)
Change in net debt		
Net debt at 1 April 2008	(15,254)	(13,904)
Net debt at 31 March 2009	(16,311)	(15,254)

27 Analysis of Net Debt

	1 April 2008 £'000	Cash flow £'000	31 March 2009 £'000
Cash at bank and in hand	4,746	(1,057)	3,689
Changes in cash	4,746	(1,057)	3,689
Changes in debt / loans	(20,000)	-	(20,000)
Changes in net debt	(15,254)	(1,057)	(16,311)

28 Related Parties

Tenant Board Members – The Group has 4 Tenant Board Members. 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.

Doreen Knight and Colin Strickland are elected members of Liverpool City Council. All transactions with the council are on normal commercial terms and the councillors are not able to use their position advantageously. Robert Brown is an employee of Manchester City Council

29 Garston Under the Bridge Regeneration Project

A number of parties, namely South Liverpool Housing Limited ("SLH"), Liverpool City Council ("LCC"), Liverpool Housing Trust ("LHT") and Lovell Partnerships Limited ("Lovell") have entered into a development project to regenerate an area of Liverpool known as Garston Under the Bridge ("GUTB").

SLH has acquired, and will continue to acquire, land with vacant possession to enable the assembly of redevelopment sites in line with the strategy for the area's regeneration agreed by SLH Board. Finance has been provided by LCC to cover the full cost of these acquisitions and other ancillary costs.

As the development partner for the project, Lovell will build new social housing in the area and purchase some of the land from SLH to build properties for resale.

To facilitate the above arrangements SLH and LCC have entered into an agreement setting out the terms and conditions for development of the area and repayment to LCC of a proportion of the financing relating to the land acquisitions. Subsequently SLH, LHT, LCC and Lovell have entered into a development and sale agreement, which includes the amounts payable to SLH in relation to the sale of the acquired land to Lovell.

The impact of these two agreements is that SLH has an obligation to LCC to repay a proportion of the financing relating to the land acquisitions and also has an asset as it has legal title to the land and an agreement that Lovell will purchase the land on completion of the properties. The amount payable to LCC for the land acquisitions is determined by the payments made by Lovell to SLH to purchase the land.

In the opinion of the Board, the transactions relating to the land acquisitions creates separate assets and liabilities in accordance with FRS 5 and that it would not be appropriate to offset the balances as the criteria set out in FRS 25 are not met for reporting purposes.

At the balance sheet date the following transactions relating to the project had been undertaken by SLH and recorded in the financial statements as follows:

- ♦ In the 8 years to 31 March 2009 SLH have incurred costs totalling £7.6m and have received funding from LCC of £7.7m;

- ◆ Of the £7.6m costs incurred to date, £5.7m relates to the purchase of properties that have or will be demolished to deliver the site assembly. The carrying value of these costs has been assessed and has been written down cumulatively by £2.8m to £2.1m stock and £0.8m fixed assets. These assets are disclosed in notes 12 and 15;
- ◆ Lovell has sold 9 properties and £0.2m income has been recognised for the land value and £0.1m of costs has been written off stock for resale.
- ◆ In the year SLH acquired two further properties with funding from LCC for £0.1m and this has been added to stock for resale.
- ◆ The cumulative balance of £1.9m relates to ancillary costs related to the acquisition of the properties such as demolition and relocation costs. These ancillary costs have been recorded in the Income and Expenditure account and are detailed in note 3;
- ◆ In July 2007, the Development and Sale Agreement and SLH to LCC Agreement were signed. As part of the latter agreement all land owned by LCC on the site relating to the SLH and Lovell part of the site were transferred to SLH. These transfers are included within fixed assets and stock for resale dependant upon the ultimate retention or disposal respectively. SLH land relating to the LHT part of the site was transferred to LCC;
- ◆ The funding is partly a loan (£3.0m) and partly a subsidy to cover costs incurred to date (£4.6m);
- ◆ The loan of £3.0m is repayable to LCC upon the phased completion of the project. This is disclosed as "Development Loan" in note 18;
- ◆ The subsidy has been disclosed in turnover and funds the ancillary and impairment costs as detailed above;
- ◆ The write down of costs were £0.1m (2008 £1.0m) and subsidy were £0.1m in 2009 (2008 £0.7m);

In addition to the development loan as detailed above, the subsidy mentioned above is repayable to LCC based on the future sales value of the completed properties. This is known as overage and is detailed within the contract with LCC. Based on a view of future house prices this is not expected to realise a repayment of the subsidy. Whilst this is contractual, it is dependant upon the sale of the properties and the market valuation at completion. Due to the uncertainty of future market conditions no liability has been carried out in relation to this contractual obligation.

30 Prior Year Adjustment

The prior year adjustment reflects the change in accounting for depreciation as required by SORP 2008.

With the adoption of SORP 2008, improvement expenditure capitalised has to be depreciated based on the useful economic lives of the components capitalised. As a result of this change in accounting additional depreciation of £816k is required as a prior year adjustment.

A prior year adjustment is required for the Disposal Proceeds Fund. This has been overstated historically. A deduction needs to be made for the attributable loan debt (defined in the Housing Right to Acquire Regulations 1997, Schedule 5 Section 13). The attributable loan debt is £313k. The liability brought forward is consequently overstated by this amount and the resultant notional interest charge is overstated by £27k. A small restatement of less than £1k is required to the opening balance of the Recycled Capital Grant Fund. This adjustment reflecting additional interest payable on the liability brought forward.

The latest valuation of the Merseyside Pension Fund produced by Mercer Ltd, Liverpool shows a fund deficit to be reflected in South Liverpool Housing's Financial Statements as at 31 March 2009 of (£1.548m) The opening balance per the latest valuation has been restated as a deficit of (£1.983m) this was previously stated as a deficit of (£2.018m).

Group and Association	Group 2009 £'000	Association 2009 £'000
Less: additional Depreciation on Properties	(816)	(816)
Add: restated Disposal Proceeds Fund	340	340
Add: Land value included in Fixed Assets South Liverpool Regeneration	70	-
Less: matching grant for Land transaction	(70)	-
Add: restated opening Pension Deficit	35	35
Less: restated opening Recycled Capital Grant Fund	(1)	(1)
Prior Year Adjustment	(442)	(442)

31 Post Balance Sheet Events

Servite Houses

On 16 September 2009 SLH acquired 179 properties from Servite Houses. SLH and Servite have worked in consultation with the residents over a number of months to ensure a smooth transition and handover of landlord responsibilities.

Restated Loan Facilities

The Company has re-negotiated the loan facilities with Co-operative Bank plc/Britannia Building Society and Nationwide Building Society. There has been a slight reduction in the total facility from £33.0m to £31.5m, however this does not impact on the business as the projected peak debt is £30.3m and there is further capacity for borrowing additional funds.