Company Registration No 04912562
Registered Charity No 1106969
Tenant Services Authority Registration No L4435

WIRRAL PARTNERSHIP HOMES LIMITED

Report and Financial Statements

Year ended 31 March 2012

Contents

Board Members, Executive Directors, Advisors and Bankers

Board		Date of Appointment	Date of resignation/ retirement
Chair	Jed Pearson	27 Sept 2005	
Vice Chair	Jean McIntosh	02 Sept 2008	
Other Members	Maggie Sparks	15 June 2004	
	Tom Harney	25 July 2006	
	Rachel Chudley	30 Sept 2008	
	Angela Green	30 Sept 2008	
	Denise Roberts	25 May 2008	
	Murdo MacDonald	29 Sept 2009	05 Dec 2011
	Lynne Bunting	29 Sept 2009	
	Thomas Anderson	22 May 2009	03 May 2012
	Stuart Whittingham	03 Aug 2010	
	Mary Martin	30 Sep 2010	
	Chris Aston	30 Sep 2010	01 April 2011
	Karen Hayes	27 Nov 2007	31 May 2011
	Don McCubbin	01 June 2011	
	Joan Ormond	29 Sept 2009	28 June 2011
	June Foster	19 Sept 2011	
	Donovan Warner	19 Sept 2011	

Company Secretary — Patrick McCarthy

Chief Executive — Brian Simpson

Executive Directors
Deputy Chief Executive and Company Secretary — Patrick McCarthy
Director of Housing Services — Jayne Winders

Registered office
6 Europa Boulevard
Birkenhead
CH41 4PE

Registered number
Company Registration No 04912562

Tenant Services Authority Registration No L4435

Charities Commission registration No 1106969

Auditors
Grant Thornton UK LLP
Chartered Accountants
4 Hardman Square
Spinningfields
Manchester M3 3EB

Solicitors
Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Operating and Financial Review and Report of the Board

The Board of Wirral Partnership Homes is pleased to present its report together with the audited financial statements of Wirral Partnership Homes Limited (WPH or the Company), a company limited by guarantee, and Wirral Partnership Homes Group (the Group) for the year ended 31 March 2012

The Group consists of the Company and a dormant subsidiary, Wirral Partnership Homes (Building Services) Limited

Activities

Wirral Partnership Homes Limited commenced trading on 7th February 2005 in order to facilitate the transfer of homes from the Metropolitan Borough of Wirral

The Company's principal activity is the provision and management of social housing The Company is a not for profit organisation and operates throughout the Borough of Wirral through a number of local offices and one maintenance depot Its head office is at Europa Boulevard in Birkenhead Following the transfer of the trade and assets into WPH effective from 1 April 2008, Wirral Partnership Homes (Building Services) Limited is now dormant

The Company has the following mix of housing stock in management

Social Housing	Year End 2012	Year End 2011
General Needs:		
Opening Stock	10,567	10,742
Acquisitions	8	9
New Build	4	-
Property Sales	(8)	(18)
Demolitions	-	(164)
Other Disposals	-	(2)
Total General Needs	**10,571**	**10,567**
Supported Housing		
Opening Stock	1,841	1,930
Demolitions	-	(79)
Other Disposals	-	(10)
Acquisitions	1	-
Total Supported Housing	**1,842**	**1,841**
Total Housing Stock	**12,413**	**12,408**

Business Review

The Board reports a Group operating surplus, before taxation of £9 7 million (2011 restated £7 7 million), in what has been a challenging year The Group has continued to invest in both its existing stock and undertake new developments for social housing rent The Group was successful in its bid to the Affordable Homes Programme 2011-15 and has completed its first scheme of 4 properties in the financial year 2011/12 The group has contracted with the Homes and Communities Agency ('HCA') to develop 400 affordable rent properties by 2015

The Group has continued its high rise programme investing £10 million in seven blocks during the financial year The Group has reviewed its accommodation requirements for staff and identified the need for a new head office The Group purchased Westminster House from Wirral Borough Council during the financial year, and will commence refurbishing the building during 2012/13 with an intended completion date of April 2013

Operating and Financial Review and Report of the Board

Business Review (continued)

The new head office will benefit tenants and the wider community by, amongst other benefits, maintaining a central location and having all staff located on one site

At the year end, the total unrestricted reserves amounted to £52 0 million (2011 restated £48 4 million)

The Group has adopted the Statement of Recommended Practice (SORP) Accounting by Registered Social Providers Update 2010 for the first time this year The key change has been the requirement to identify and separately account for the major components which make up the Group's housing property assets Prior period balances have been adjusted to reflect this implementation which increased opening reserves by £73 1 million (see note 33) There were no other significant changes to accounting policies in the current year

The current Business Plan anticipates that net cash out flows will occur in 2012/13 and in subsequent years until the peak debt is reached in 2014/15, as the Group continues to deliver real and lasting improvements to its neighbourhoods and communities This situation is normal for an organisation set up as a result of a Large Scale Voluntary Stock Transfer (LSVT) as it progresses its investment programme

Board members and executive directors

The present Board members and the Executive Directors of the Group are set out on page 3 The Board members are drawn from a wide background bringing together professional, commercial and local experience The Board consists of independent, tenant and council nominated members

The Executive Directors consist of the Chief Executive and the other members of the Group's Executive Leadership Team The Executive Directors that served during the period are set out on page 3

The Executive Directors act as executives within the authority delegated by the Board

The Group has insurance policies in place that indemnify its Board members and Executive Directors against liability when acting for the Group

Service contracts

The Chief Executive and the other Executive Directors are employed on individual contracts, their notice periods being three months

Pensions

The Executive Directors are members of either the Social Housing Pension Scheme or the Merseyside Pension Fund, both defined benefit final salary pension schemes They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees

Other benefits

In addition to their basic salary, the Executive Directors are entitled to the provision of a car allowance Details of the remuneration bandings are included in note 11 to the audited financial statements

NHF Code of Governance

We are pleased to report that the Group complies with the principal recommendations of the NHF Code of Governance (revised) There were no key governance-related matters to highlight in the year under review

Operating and Financial Review and Report of the Board

Tenant involvement

We actively encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement We have five tenant Board members and clear reporting arrangements between tenant groups and the Board

Objectives and Strategy

WPH's strategy is based upon determining how best to position the organisation in the external environment We recognise that the environment in which we operate changes dramatically and quickly, and that we need to have the ability and capacity to respond rapidly and the flexibility to change plans and take alternative courses of action

Without firm foundations WPH would not be able to develop further We need to have an existing first class service in order to take on wider work or development We are developing a stock replenishment programme and will look to further sustainable development in both services and stock by considering opportunities as they arise on their merits in the wider region

As we have successfully delivered on the completion of the seven year promises we want to take the opportunity to develop our services more widely In our 20/20 Vision we have highlighted five main themes for our development

To recognise the five key themes of our 20/20 Vision, our vision is simply

Providing homes and building communities where people want to live and all can thrive

We will carry out our business through our five values

- Using **innovation**
- Providing **affordable** homes
- **Involving** residents and staff
- **Respecting** Equality and Diversity
- **Delivering** what we promise

From this our Mission taking us through to 20/20 will be

- To develop new homes and services to meet the needs of the communities we work in
- To work harder to improve in everything we do
- To ensure financial stability in a climate of change

From our vision, set of values and longer term mission, the Board and Executive Management Team will develop WPH to meet our long term objectives This will be by focussing our 20/20 Vision along five key themes and priorities

- Replacing stock by developing new homes and ensuring WPH has a stock of modern and efficient homes
- Considered growth in WPH services
- Continuing to improve all of our services to be an excellent service provider
- Developing a first class Building Services organisation
- Transforming our culture and enhancing our reputation

Operating and Financial Review and Report of the Board

Value for Money

WPH approaches the management and delivery of Value for Money (VfM) in a range of ways Firstly the existing VfM strategy is overseen and delivered by the Value for Money steering group, of which Murdo McDonald was the Board Champion until his death earlier this year A replacement has not, as of yet, been appointed

Secondly, there is a budgeted and targeted identification of savings from the main areas of business activity These are identified through a process of "Value Reviews" of the services we deliver, identifying how we can improve Value for Money based upon benchmarking and service improvement plans Staff are encouraged to identify areas which will release cashable or non-cashable savings and / or improve outcomes for customers

Finally all staff are encouraged to identify saving opportunities arising in the normal course of their work and submit these using the Value for Money logs The logs are a method of identifying and recording savings made during the year and are discussed at team meetings These are not budgeted for, in the sense that there are no targets set at the start of the year

Our objectives for 2012-13 will largely be shaped by our response to the requirements of the Homes and Community Agency's new Value for Money standard in effect from April 2012, whilst continuing to build upon the significant improvements in Value for Money we have made in recent years Key objectives to support the delivery of this include,

- The development of a new, comprehensive and strategic approach to the management and delivery of VfM, as required by the standard
- Reconstitute the VfM Steering Group and produce a revised terms of reference to support the effective delivery of the new strategy
- A full review of the methods of monitoring and demonstrating the VfM gains made by teams on an-hoc basis (VfM logs)
- Address areas for improvement identified through internal audit such as enhancing resident involvement in the VfM review process
- Recruit a new procurement manager to ensure maximum VfM is gained from all procurement activity

Performance Management

For this year the Board has further refined and developed the performance management system adopted in previous years that demonstrated the clear link between the measures being reported upon and the corporate aims of the organisation This system reflected the changes proposed by the Regulator and focused upon providing an overview of the key issues and in depth reports on aspects of performance where required These include the following indicators (calculated in accordance with accepted sector practice)

Operating and Financial Review and Report of the Board

Performance Management continued

Objectives	Indicators	Actual 2010-11	Target 2011/12	Actual 2011/12
Relet - Times and Voids	Average re-let times excluding major works	28 days	28 days	27 days
	Dwellings vacant and available to let	0 45%	0 55%	0 46%
	Void Rent Loss	2 05%	2 5%	1 88%
Income Collection	Rent collection rate (General Needs)	100 1%	100%	99 8%
	Current arrears as % of gross annual debit	1 7%	1 5%	1 3%
Complaints and Customer Satis- faction	Customers who have been treated with courtesy and respect	98%	90%	98 3%
	% of telephone calls answered within 20 seconds	85 7%	90%	89 5%
	% of complaints resolved within target	82 4%	90%	81 6%
Repairs	% of repairs completed within one visit	91 4%	90%	90 9%
	% of repairs completed on target	96 8%	97%	97 8%
Improvement Programme	Average SAP (energy) ratings	70	71	66 7
	Dwellings failing Decent Homes Standard	2 1%	2%	2%
Financial	Net Revenue Outflow	(£0 86m)	(£9 38m)	(£4 38m)
	Average weekly operating costs	£71 22	£92 33	£85 64
	Annual operating costs as % of turnover	103 4%	124 5%	115 4%
	Average weekly investment per unit of stock	£24 47	£42 48	£40 96
	Loan covenant – Asset Cover Ratio	231%	105%	315%
	Loan covenants - Cumulative net operating cashflow	(£57,285k)	(£84,900k)	(£79,672k)

Operating and Financial Review and Report of the Board

Financial Review

The Group's turnover for the year ended 31 March 2012 was £59 6 million (2011 £54 5 million) This was principally from lettings £47 2 million (2011 £43 6 million) and the release of £10 1 million (2011 £8 3 million) from the Community Fund to match the expenditure incurred on projects as detailed in note 22

Operating costs totalled £49 6 million (2011 restated £49 5 million) that included expenditure on projects of £10 1 million (2011 £8 6 million) funded by the Community Fund (note 22) and routine and planned maintenance of £10 9 million (2011 restated £13 8 million) In addition £28 8 million (2011 £17 1 million) was invested in the 2011/12 Investment Programme, both capital and revenue expenditure, as detailed in Note 13

In relation to property sales, a Right to Buy sharing agreement exists with the Council which was agreed at transfer From receipts of £434k (2011 £804k), £142k (2011 £280k) is due to the Council with the Company keeping the balance of £292k (2011 £523k) The receipts were generated from sales of 8 (2011 14) properties The level of Right to Buy sales may increase in the future following a review of the scheme by Central Government

Management and Service costs in the year totalled £16 0 million (2011 restated £15 4 million) compared to a budget spend of £16 0 million The costs for 2010/11 included a gain of £3 1 million arising from the government's announcement to link future pension increases to CPI rather than RPI (see note 10)

Risk Management

The company maintains a strategic risk management framework which is supported by operational risk management frameworks covering all aspects of operation The company's strategic risk management framework identifies the potential risks associated with the strategic aims The key controls required to manage each risk, together with the person responsible for the controls are also recorded The risks are then assessed according to their potential impact and probability given the current control environment The major strategic risks to the company's key aims have been drawn out and are documented in the Strategic Risk Map This document is used by Audit Committee and Board to monitor those risks deemed most important

The Board has assessed that the risks in the table below, identified within the Strategic Risk Map, are those that are most likely to influence future performance

Strategic Objective	Key Risk	Action Being Taken
Housing Provision	Accommodation does not reflect the changing profile and diversity of our customers nor of the political and environmental landscape and we are unable to let our properties	Use of tenant profile information, local economic statistics and Joint Strategic Needs Assessment data as a measure for future demands or shifts in population Identification of impact of HB reforms on under occupancy deductions Shaping Development Programme property types/ accommodation to reflect future demand

Financial strength	Failure to achieve income levels will have detrimental effect upon ability to maintain service delivery	Income maximisation and benefits advice to tenants Business Planning process enables expenditure to be tailored to income Liaison with external partners on key services
Financial Strength	Welfare Benefit reforms result in non-payment by tenants and threaten the financial stability of the company	Programme of intensive tenant consultation and advice Increased staff training and information provision Investigation of measures to assist with downsizing Strategic approach to Development Programme targeting perceived needs gap

Future Investment

The Board is committed to spending £45 0 million in 2012/13 to improve and maintain its existing housing stock (£34 4 million via the Improvement Programme, £6 4 million on responsive and day to day repairs and £3 2 million on planned maintenance) In addition, the Board have allocated £1 0 million for disabled adaptations on our properties

The Board is committed to spending £16 1 million in 2012/13 on a new build programme that will see 400 new properties built over the next 3 to 4 years at a total cost of £46 million

Accounting Policies

The Group's principal accounting policies are set out on pages 23 to 26 of the financial statements The policies that are most critical to the financial results relate to accounting for housing properties and include capitalisation of costs, deduction of capital grant from the cost of assets, and housing property depreciation

Capital Structure and Treasury Policy

Treasury Management is the responsibility of the Deputy Chief Executive and the Group's Treasury Management Strategy is reviewed annually and is approved by the Board The strategy seeks to address funding and liquidity risks and loan covenant compliance

To date the Group has only used derivative instruments that are embedded in (and not separable from) its loan agreement In other words, it has bought protection against interest rate movements from its lender, The Royal Bank of Scotland (RBS) This is in line with the guidance set out by the Tenant Services Authority in Circular 01/07

In keeping with the aims of its Treasury Management Policy, the Group will seek an appropriate level of assurance with regards to its future funding costs To achieve this aim, approximately 75% of the Group's loans will be either fixed or will be hedged by a derivative instrument, removing the exposure to adverse interest rate movements The remaining 25% of loans will be held on a floating or variable basis, to enable the Group's total indebtedness to be tailored to changes in its overall business plan requirements These parameters of 75% fixed/hedged and 25% variable may be varied by +/-5%, in order to provide flexibility They may also be varied by the Board upon presentation of a business case for doing so

Operating and Financial Review and Report of the Board

Capital Structure and Treasury Policy continued

The opportunity was taken during the previous financial year to reschedule debt into the later years of the Business Plan and reduce the overall level of debt This has had the result in 2011-12 of lowering the amount of total debt from £53 8 million at the start of the year to £49 7 million at 31st March 2012 through repaying the amount of outstanding variable debt

As indicated above the Group has currently drawn £49 7 million of its total loan facility of £125 million, all of which is on fixed terms The Group is due to repay the loans by 31st March 2035 A further £4 4 million of forward fixed rate loans are due to be drawn in the year ending 31 March 2013 The peak debt as per the approved 2012 Business Plan, of £107 2 million, is expected to be reached in 2014/15 This may change as the business plan is reviewed

The Group borrows only in sterling and so does not have any currency risk The Group has no significant exposure to securities price risk as it holds no listed equity investments

Cash Flows

Cash inflows and outflows for the period under review are shown in the cash flow statement on page 22 of the financial statements The cash flow statement shows that during the year the Group generated net cash inflow, from operating activities of £7 7 million (2011 restated £1 4 million) and made net interest payments of £2 5 million (2011 £2 6 million) The Group repaid a net sum of £4 1 million (2011 draw down £6 9 million) of loans in the year

Current Liquidity

Cash and bank balances at the 31 March 2012 were £12 4 million (2011 £15 5 million), including £6 4 million (2011 £12 9 million) relating to the Community Fund This is after repaying a net sum of £4 1 million (2011 £6 9 million) in respect of fixed and variable rate loans during the year Due to the cash and bank balances and the loan repayment, the Group had a positive net current asset position at 31 March 2012 totalling £12 9 million (2011 £2 9 million)

The Group's policy is not to hold significant cash balances but to ensure that loan facilities are in place to fund future requirements A large cash balance existed at 31 March 2012 primarily due to the inclusion of £6 4 million (2011 £12 9 million) relating to the Community Fund, which is matched by deferred income The main factor influencing the amount and timing of borrowing is the rate of progress and delivery of the Investment Programme works, the new build programme and the dates of the agreed forward interest rate fixes Any temporary cash balances are placed on short term deposits at competitive rates

Loan Compliance

Loan covenants are primarily based on asset cover and net operating cash flow The purpose of the net operating cash flow is to identify a single measure of the overall performance of the business plan, effectively showing the company's ability to generate funds to cover its debt payments due The asset cover is a measure of the minimum asset cover sufficient to protect the lender's security

The Group undertakes regular monitoring of covenant compliance on a quarterly basis The Business Plan assumptions and forecast figures are also regularly stress tested to ensure covenant compliance is maintained in the future As reported in the table on page 8 all the lender's loan covenants were met throughout the year and at the year end

Operating and Financial Review and Report of the Board

Table 1 - Group Highlights

For the year ended 31 March	2012	2011 (Restated*)	2010	2009	2008
Income & Expenditure (£'000)					
Total turnover	59,616	54,495	46,821	44,256	44,150
Income from social housing lettings	47,160	43,598	43,574	41,454	39,981
Operating surplus/(deficit)	9,734	7,738	344	(15,573)	(17,313)
Surplus / (Deficit) for the year transferred to reserves	**7,855**	**5,558**	**(1,268)**	**(15,414)**	**(15,381)**
Balance Sheet (£'000)					
Tangible fixed assets, net of depreciation	102,947	91,863	17,353	12,955	8,870
Net current assets	12,927	2,869	24,090	20,584	23,668
Total assets less current liabilities	**115,874**	**94,732**	**41,443**	**33,539**	**32,538**
Loans (due over one year)	49,715	40,618	46,902	32,422	20,823
Deferred income	6,531	2,678	11,696	17,858	13,874
Pension liability (FRS17)	7,470	3,008	10,329	3,323	4,210
Provision for liabilities	185	-	-	-	-
Revenue Reserve	51,973	48,428	(27,484)	(20,064)	(6,369)
	115,874	**94,732**	**41,443**	**33,539**	**32,538**
Housing properties owned at year end:	No	No	No	No	No
Social Housing	**12,413**	**12,408**	**12,672**	**12,729**	**12,818**
Statistics					
Surplus / (deficit) for the year as a % of turnover	13 2%	10 2%	(2 7%)	(34 83%)	(34 83%)
Surplus / (deficit) for the year as a % of income from social housing lettings	16 7%	12 7%	(2 9%)	(37 18%)	(38 47%)
Rent losses (voids and bad debts as a % of rent and service charges receivable)	2 1%	2 5%	3 6%	3 92%	3 13%
Rent losses (gross arrears as a % of rent and service charges receivable)	5 01%	4 07%	5 73%	7 07%	7 26%
Liquidity (current assets divided by current liabilities)	2 73	1 09	2 71	3 86	3 82
Total reserves per home	£4,187	£3,903	(£2,169)	(£1,576)	(£499)

The above highlights are shown on a Group basis For the year ended 31 March 2012, this is the same as on a Company only basis

* The comparatives for the year ended 31 March 2011 have been restated as the Group has introduced component accounting in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010 Note the comparatives for 31 March 2008, 2009,and 2010 have not been individually restated above as the 2005 to 2010 adjustment was calculated on a cumulative basis rather than an annual basis

Operating and Financial Review and Report of the Board

Business Review

Donations

The Group made no donations in the financial period (2011 £nil)

Post balance sheet events

We consider that there have been no events since the year end that have had a significant effect on the Group's financial position

Payment of creditors

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier

Employees

The strength of the Group lies in the quality of all its employees In particular, our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on their contribution

The Group shares information on its objectives, progress and activities through regular office team briefs and departmental meetings involving Board members, the Executive Leadership Team and staff

We are committed to equal opportunities and in particular we support the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group

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

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness

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

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2012 to the date of approval of the annual report and financial statements

Key elements of the control framework include

- Board approved terms of reference and delegated authorities for the audit committee,
- clearly defined management responsibilities for the identification, evaluation and control of significant risks,
- robust strategic and business planning processes, with detailed financial budgets and forecasts,
- formal recruitment, retention, training and development policies for all staff,

Operating and Financial Review and Report of the Board

Internal controls assurance continued

- established authorisation and appraisal procedures for significant new initiatives and commitments,
- a risk averse approach to treasury management which is subject to external review on an annual basis,
- regular reporting to the appropriate committee on key business objectives, targets and outcomes,
- Board approved whistle blowing and anti-theft and corruption policies, and
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets
- regular monitoring of loan covenants

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit Committee to regularly review the effectiveness of the system of internal control The Board receives quarterly reports from the audit committee together with minutes of audit committee meetings

The Audit Committee has received and approved the Chief Executive's annual review of the effectiveness of the system of internal control for the Company and the annual report of the internal auditor, and has reported its findings to the Board

Statement of Responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations

Company law requires the Board to prepare financial statements for each financial year Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Company The financial statements are required by law to give a true and fair view of the state of affairs of the Group and or the surplus or deficit of the Group for that period

In preparing these financial statements, the Board is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2010, have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Companies Act 2006 It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Operating and Financial Review and Report of the Board

Statement of Responsibilities of the Board for the report and financial statements

In so far as each of the Company's Board members, as set out on page 3, is aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Board members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Board members are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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

Public Benefit

The Board members (who are also the charitable trustees) confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting policies for the year

Annual general meeting

The annual general meeting will be held on 24 September 2012 at Floral Pavilion, New Brighton, Wirral

External auditors

The external audit contract term is for a period of 3 years A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting

Statement of compliance

In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2010

Approval

The report of the Board was approved by the Board on 9th August 2012 and signed on its behalf by

Jed Pearson
Chair

Independent Auditors' Report to the Members of Wirral Partnership Homes Limited

We have audited the financial statements of Wirral Partnership Homes Limited for the year ended 31 March 2012 which comprise the consolidated and company income and expenditure account, the consolidated statement of total recognised surpluses and deficits, the consolidated and company reconciliation of movement in funds, the consolidated and company balance sheet, the consolidated cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company'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 company and the company'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 the auditor

As explained more fully in the Statement of Responsibilities of the Board set out on page 14, the board is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors In addition, we read all the financial and non-financial information in the Operating and financial review and board report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the board, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's and of the parent company's surplus for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- are in compliance with the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006

Independent Auditors' Report to the Members of Wirral Partnership Homes Limited continued

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Fiona Baldwin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Manchester
10 August 2012

Consolidated and Company Income and Expenditure Account

For the year ended 31 March 2012

	Note	2012 £ '000	2011 (Restated*) £ '000
Turnover: continuing activities	3	59,616	54,495
Cost of Sales	3	(327)	(317)
Operating costs	3	(49,555)	(49,530)
		9,734	4,648
Other operating income – past service pension gain	10	-	3,090
Operating surplus: continuing activities	3, 5	9,734	7,738
Surplus on sale of fixed assets – housing properties	6	307	629
Interest receivable and other income	7	92	135
Interest payable and similar charges	8	(2,606)	(2,739)
Other finance income / (costs)	10	328	(205)
Surplus on ordinary activities before taxation		7,855	5,558
Tax on surplus on ordinary activities	12	-	-
Surplus for the financial period	24	7,855	5,558

The notes on pages 23 to 49 form part of these financial statements

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account

* The comparatives for the year ended 31 March 2011 have been restated as the Group has introduced component accounting in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010 Further detail can be found in note 33 to these financial statements

The financial statements were approved by the Board on 9th August 2012 and signed on its behalf by

Jed Pearson Chair	Jean McIntosh Vice Chair	Patrick McCarthy Secretary

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2012

	Note	Group and Company	
		2012	2011 (Restated)
		£'000	£ '000
Surplus for the financial year		7,855	5,558
Actuarial (loss) / gain relating to pension scheme	10	(4,310)	2,140
Total recognised surpluses relating to the year		3,545	7,698
Prior year adjustment	33	73,146	
Total recognised surpluses and deficits since last report		76,691	

Reconciliation of movements in the Group's and Company's funds

For the year ended 31 March 2012

	Note	Group and Company	
		2012	**2011 (Restated)**
		£'000	**£ '000**
Opening total funds as previously stated		(24,718)	(27,484)
Prior year adjustment	33	73,146	68,214
Opening total funds as restated		48,428	40,730
Total recognised surpluses and deficits relating to the year		3,545	7,698
Closing total funds		51,973	48,428

Consolidated and Company Balance Sheet

At 31 March 2012

	Note	2012 £ '000	2011 £ '000 (Restated)
Tangible fixed assets			
Housing properties	13	103,555	93,577
Social Housing Grant	13	(2,061)	(2,061)
Other tangible fixed assets	14	1,453	347
		102,947	91,863
Current assets			
Stock		247	178
Debtors	16	3,923	2,940
Investments	17	3,891	15,309
Cash at bank and in hand	18	12,351	15,476
		20,412	33,903
Creditors: Amounts falling due within one year	19	(7,485)	(31,034)
Net current assets		12,927	2,869
Total assets less current liabilities		115,874	94,732
Creditors: Amounts falling due after more than one year	20	49,715	40,618
Deferred income	22	6,531	2,678
Provision for liabilities	23	185	-
Net pension liability	10	7,470	3,008
		63,901	46,304
Capital and reserves			
Revenue reserve	24	51,973	48,428
Consolidated funds		51,973	48,428
		115,874	94,732

The notes on pages 23 to 49 form part of these financial statements
The financial statements were approved by the Board on 9th August 2012 and signed on its behalf by

Jed Pearson	Jean McIntosh	Patrick McCarthy
Chair	Vice Chair	Secretary

Consolidated Cash Flow Statement

For the year ended 31 March 2012

	Note	2012 £ '000	2011 (Restated) £ '000
Net cash inflow from operating activities	28	7,744	1,385
Returns on investments and servicing of finance			
Interest received		92	135
Interest paid		(2,606)	(2,739)
		(2,514)	(2,604)
Taxation paid		-	-
Capital expenditure			
Purchase and construction of housing properties		(14,732)	(10,550)
Purchase of fixed assets - other		(1,279)	(149)
Sales of housing properties		307	629
		(15,704)	(10,070)
Management of liquid resources			
Cash received from / (placed on) money market deposits		11,418	(6,168)
Financing			
Loans drawn down		9,097	6,882
Loans repaid		(13,166)	-
		(4,069)	6,882
Decrease in cash	29	(3,125)	(10,575)

Notes to the Financial Statements

1. Legal status

The Company is a private company limited by guarantee with no share capital, registered under the Companies Act 2006 and is registered with the Tenant Service Authority as a social landlord and with the Charity Commission as a registered charity

2. Accounting policies

Basis of accounting
The financial statements of the Group and Company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010 and comply with Accounting Requirements for registered social landlords General Determination 2006

Basis of consolidation
The consolidated financial statements include the parent, Wirral Partnership Homes Limited and its subsidiary, Wirral Partnership Homes (Building Services) Limited The activities, assets and liabilities of the subsidiary were transferred to the parent company with effect from 1 April 2008, therefore the current year consolidated and parent company numbers are the same as each other

Turnover
Turnover represents rental income receivable in the year, service charges, fees, income from property sales and other income receivable in the year (excluding VAT) for goods and services supplied in the year and revenue grants (including those from the Community Fund) receivable in the year

Revenue Recognition
Rental income is recognised from the point when properties under development reach a practical point of completion or otherwise become available for letting Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities

Taxation
The Company is a registered charity and as such is potentially exempt to corporation or capital gains tax Any taxable profits generated by the subsidiary will be subject to corporation tax

Deferred taxation
The payment of taxation by group entities subject to 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 is registered for VAT and charges value added tax (VAT) on some of its income and is able to recover only part of the VAT it incurs on expenditure The financial statements include VAT to the extent that it is suffered by the Group and is not recoverable from H M Revenue and Customs or is subject to the VAT sharing agreement The balance of VAT payable or recoverable at the year end is included as a current liability or asset

Notes to the Financial Statements

2. Accounting policies (continued)

Community Fund
As part of the stock transfer arrangement with Wirral Metropolitan Borough Council ("the Council"), the Community Fund ('the Fund') was established The purpose of the Fund is to provide the Company with funds to undertake projects that are mutually beneficial to the Company and the Council while furthering the Company's principle business A Working Group, made up of an equal number of representatives from the Company and the Council, exists to determine the use of the funds
The Fund comprises of money from three principle sources

- Balance of the Council's Housing Revenue Account on its closure
- VAT savings from arrangements put in place at transfer
- Council and Company disposal claw back share on the sale of land not to be used for the purpose of social housing

The monies received by the Fund shall be used for purposes that include several specifically referred to in an agreement between the Council and the Company The remainder is to be utilised by joint agreement of the Working Group set between the Council and the Company

Although access to such funds is subject to the agreement of the Working Group (and are therefore not treated as income until agreement has been reached by the Working Group), the Fund's monies are beneficially and legally those of the Company and are therefore included in the Company's reported cash balance

Prior to application of the Fund's monies a deferred income creditor is recognised that is released on utilisation of the related cash balance As the Company's approval is required for all fund allocations the deferred income balance is shown as due after one year and linked by disclosure to the cash balance Where it is known that funds will be allocated in the next 12 months, these are classified as due within one year

Social housing grant
Social housing grant (SHG) is receivable from the HCA (formerly the Housing Corporation) and is utilised to reduce the capital costs of housing properties, including land costs SHG due from the HCA 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

Other Grants
Other grants are receivable from local authorities and other bodies (including the Community Fund) Capital grants are utilised to reduce capital costs of housing properties, including land costs Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which these relate

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

Derivatives
The Group uses interest rates swaps to reduce its exposure to future increases in the interest rates on floating rate loans The notional principal is not reflected in the Group's balance sheet Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans

Notes to the Financial Statements

2. Accounting policies (continued)

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

Supporting people
Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities

Housing properties
Housing Properties are principally properties available for rent

Housing Properties are stated at historic cost and adjusted for disposals less depreciation Costs include the cost of acquiring land and buildings, development costs including improvements, and interest charges incurred in respect of development and improvement work

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

Depreciation of housing properties
The group separately identifies the major components which comprise its housing properties, and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life

Where Social Housing Grant has been allocated to a component, the depreciable amount is arrived at on the basis of original cost less the proportion of the grant and other grants attributable to the component, less the residual value

Freehold land is not depreciated

The Group depreciates the major components of its housing properties over the following useful economic lives

Structure	60 years
Windows and Doors	30 years
Kitchens	20 years
Bathrooms	30 years
Boilers	15 years
Roofs	40 years
Heating Systems for High Rise and Sheltered Blocks	25 years
Door Entry, Lift and Water Systems for High Rise and Sheltered Blocks	20 years

Notes to the Financial Statements

2. Accounting policies (continued)

Sale of housing properties
Under the terms of the transfer agreement a proportion of the proceeds from the right to buy sales are shared with the Council The balance of any funds due to the Council will be included as a current liability

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

Where there is evidence of impairment, fixed assets are written down to their recoverable amount Any such write down is charged to operating surplus

Other tangible fixed assets
Depreciation is charged on other tangible assets on a straight line basis over their expected useful lives

Freehold offices	60 years
Furniture, fixtures and fittings	4 years
Computers and office equipment	4 years
Software	3 years
Other equipment	4 years

Assets are not depreciated while under construction or until they brought into use The freehold offices are under renovation so depreciation will not be charged until that work is completed

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

The interest element of rental obligations is charged to 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

Stock
Stocks are stated at the lower of cost or net realisable value Where necessary, provision is made for obsolete and defective stock

Current asset investments
Investments are stated at market value

Liquid resources
Liquid resources are readily disposable current asset investments They include investments that can only be withdrawn immediately without penalty on maturity or by giving notice of more than one day

Provisions
Provisions are recognised where the Group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Notes to the Financial Statements

3. Turnover, cost of sales, operating costs and operating surplus / (deficit)

Group and Company – continuing activities

	2012			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	47,160	-	(47,530)	(370)
Other social housing activities				
Supporting people contract income	-	-	-	-
Other (see note below)	397	-	-	397
	397	-	-	397
Non-social housing activities				
Lettings (shops, garages)	844	-	-	844
Corporate repairs and adaptations	640	(327)	(127)	186
Other (see note below)	10,575	-	(1,898)	8,677
	12,059	(327)	(2,025)	9,707
	59,616	(327)	(49,555)	9,734

	2011			
	Turnover £ '000	Cost of sales £ '000	Operating costs (Restated) £ '000	Operating surplus (Restated) £ '000
Social housing lettings	43,598	-	(40,629)	2,969
Other social housing activities				
Supporting people contract income	15	-	(11)	4
Other (see note below)	418	-	-	418
	433	-	(11)	422
Non-social housing activities				
Lettings (shops, garages)	798	-	-	798
Corporate repairs and adaptations	518	(317)	(99)	102
Other (see note below)	9,148	-	(8,791)	357
	10,464	(317)	(8,890)	1,257
	54,495	(317)	(49,530)	4,648

Costs associated with Other "Other social housing activities" and shops and garages lettings income, are predominantly staff costs relating to staff included within social housing lettings operating costs Any allocation of these costs against the above income streams would be arbitrary and therefore has not been undertaken

Non Social Housing Activities "Other" includes the income and expenditure associated with works and projects funded by the Community Fund The Non Social Housing Activities income includes £10,084k (2011 £8,567k) funded by the Community Fund Further details can be found in note 22

Notes to the Financial Statements

3. Turnover, cost of sales, operating costs and operating surplus / (deficit) on lettings (continued)

Particulars of income and expenditure from social housing lettings
Group and Company

	2012			2011 (Restated)
	General Housing £'000	Supported Housing £'000	Total £'000	Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	38,607	6,727	45,334	42,283
Charges for support services	735	128	863	998
Service charges receivable	533	93	626	299
Net Rental Income	39,875	6,948	46,823	43,580
Other Revenue Grants	287	50	337	18
Turnover from Social Housing Lettings	**40,162**	**6,998**	**47,160**	**43,598**
Expenditure on social housing lettings				
Management	7,000	1,219	8,219	8,010
Services	6,595	1,149	7,744	7,423
Routine maintenance	6,788	1,183	7,971	7,905
Planned maintenance	2,507	437	2,944	5,859
Major repairs expenditure	13,172	2,295	15,467	6,893
Property lease charges	104	20	124	136
Depreciation of housing properties	4,048	706	4,754	4,230
Other costs	307	-	307	173
Operating costs on social housing lettings	40,521	7,009	47,530	40,629
Operating (deficit)/surplus on social housing lettings	(359)	(11)	(370)	2,969
Void losses	757	132	889	906

4. Accommodation in management and development

Group and Company

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

	Group & Company 2012 No.	Group & Company 2011 No
Social housing		
General housing	10,571	10,567
Supported housing	1,842	1,841
Total owned and managed	12,413	12,408

The Group does not own any non social housing properties

Notes to the Financial Statements

5. Operating Surplus

The operating surplus is arrived at after charging

	Group & Company	
	2012	2011 (Restated)
	£'000	£'000
Depreciation of housing properties	4,754	4,230
Depreciation of other tangible fixed assets	173	173
Operating lease rentals		
- land and buildings	234	174
- vehicles	355	367
Auditors' remuneration (including VAT)		
- for the audit of the financial statements	21	21
- for non-audit services		
- tax compliance	4	4
- other advisory	2	-

6. Surplus on sale of fixed assets – housing properties

	Group & Company	
	2012	2011
	£ '000	£ '000
Right to Buy Disposal proceeds – net of amount due to Wirral Borough Council	292	523
Non Right to Buy Income	18	110
Cost of sales (administration and legal)	(3)	(4)
	307	629

The housing properties sold had negligible net book values

7. Interest receivable and other income

	Group & Company	
	2012	2011
	£ '000	£ '000
Interest receivable and similar income	92	135
	92	135

Notes to the Financial Statements

8. Interest payable and similar charges

	Group & Company 2012 £ '000	Group & Company 2011 £ '000
Loans and bank overdrafts	2,606	2,739
	2,606	2,739

9. Employees

Average monthly number of employees expressed in full time equivalents:

	Group & Company 2012 No	Group & Company 2011 No.
Administration	154	152
Property Services	29	24
Housing, support and care	181	176
Building operatives	143	145
	507	497

Employee costs·

	Group & Company 2012 £'000	Group & Company 2011 £'000
Wages and salaries	13,439	13,096
Social security costs	1,036	997
Other pension costs	1,750	1,898
	16,225	15,991

The Group's employees are members of the Merseyside Pension Fund or of the Social Housing Pension Scheme (SHPS) Further information on each scheme is given overleaf

Notes to the Financial Statements

10. Employee Pension Schemes

Social Housing Pension Scheme (Group and Company)

Wirral Partnership Homes Limited participates 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, until 31 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 (CARE) with a 1/60th accrual rate

From April 2010 there are a further two benefit structures available, namely

Final salary with 1/80th accrual rate
Career average revalued earnings (CARE) with a 1/80th accrual rate

A defined contribution benefit structure was made available from 1 October 2010

An employer can elect to operate different benefit structures for their active members 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 as at 31st March 2007 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1st April 2007 This does not reflect any benefit structure changes made from April 2010

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 2007 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 From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies

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 10 7% (2011 10 7%) Member contributions were made at a rate of 7 1%

As at 31st March 2012, there were 10 active members of the Scheme employed by the Company The annual pensionable payroll in respect of these members was £355k The Company continues to offer membership of the Scheme to its employees

Notes to the Financial Statements

10. Employees (continued)

Social Housing Pension Scheme (Group and Company) continued

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers The scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets Accordingly, due to the nature of the Scheme, the accounting charge for period under FRS17 represents the employer contribution payable

The last formed 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 69 7%

Financial assumptions

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

	% pa
Investment return pre retirement	7 8
Investment return non pensioner post retirement	6 2
Investment return pensioner post retirement	5 6
Pensionable earnings growth	4 7
Pension Increases – Post 88 GMP	2 8
Pension Increases – Excess over GMP	3 0
Rate of price inflation	3 2
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 Pension Protection Fund (PPF) levy are included in the contribution rate

The valuation was carried out using the following demographic assumptions

Mortality pre retirement - PA92 Year of Birth, long cohort projection, minimum improvement 1%pa,

Mortality post retirement - 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa

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

Notes to the Financial Statements

10. Employees (continued)

Social Housing Pension Scheme (Group and Company) continued

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
Final salary with a 1/80th accrual rate	13 5
Career average reavlued earnings with a 1/80th accrual rate	11 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, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3 1% from 1 October 2020 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

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012 The results of the 2011 valuation will be included in next year's Disclosure Note

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 defined benefit section of the scheme to new entrants are required to pay an additional employer contribution loading of 3 0% 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 SHPS

New employers that do not transfer any past service liabilities to the scheme pay contributions at the ongoing future contribution rate This rate is reviewed at each valuation and new employers joining the scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after the date of joining New employers joining the scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining 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)

Notes to the Financial Statements

10. Employees (continued)

Social Housing Pension Scheme (Group and Company) continued

The regulator provided a response in respect of the September 2008 actuarial valuation in August 2011, stating that it does not propose to take any scheme funding action under Part 3 of the Pensions Act 2004

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

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme The debt is due in the event of 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 Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2011 As of this date the Company's estimated employer debt was £670,000 (2011 £429,000)

Merseyside Pension Fund (MPF)

The Merseyside Pension Fund is a multi-employer scheme, administered by Wirral Metropolitan Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme The most recent formal actuarial valuation was completed as at 31 March 2007 and rolled forward to 31 March 2011 by a qualified independent actuary

The employers' contributions to the Merseyside Pension Fund by the Group and Company for the year ended 31 March 2012 were £1,311k (2011 £1,131k) at a contribution rate of 11 9% of pensionable salaries, set until the next funding valuation at 31 March 2012

During the course of the year ended 31 March 2011 the Company made a payment of £3m to Merseyside Pension Fund to offset the pension deficit

Assumptions

The main financial assumptions used by the actuary in calculating the figures for FRS 17 (Retirement Benefits) were

Notes to the Financial Statements

10. Employees (continued)

Merseyside Pension Fund (MPF) continued

	31 March 2012 % per annum	31 March 2011 % per annum
Rate of increase in salaries	4 0	4 4
Rate of increase in pensions in payment	2 5	2 9
Discount rate	4 9	5 5
Inflation assumption - CPI	2 5	2 9

Mortality Assumptions

The post-retirement mortality assumptions used to value the benefit obligations at March 2011 and March 2012 are based on the PA92mc YoB tables plus 2 years for both non-retired members and current pensioners

Life expectancy	2012 No of years	2011 No. of years
Retiring today		
Males	21 5	21 4
Females	24 2	24 1
Retiring in 20 years		
Males	22 8	22 8
Females	25 8	25 7

Expected return on assets

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i e as at 1 April 2011 for the year to 31 March 2012) The return on gilts and other bonds are assumed to be gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date The return on equities and property is then assumed to be a margin above gilt yields

The expected returns on assets are

	Expected return on assets at:			
	1 April 2012 %pa	1 April 2011 %pa	1 April 2010 %pa	1 April 2009 %pa
Equities	7 0%	7 5%	7 5%	7 5%
Government Bonds	3 1%	4 4%	4 0%	4 6%
Other Bonds	4 1%	5 1%	6 0%	6 1%
Property	6 0%	6 5%	6 5%	6 5%
Cash / Liquidity	0 5%	0 5%	0 5%	5 25%
Other	7 0%	7 5%	7 5%	7 5%

Analysis of the amount charged to income and expenditure account – Group & Company

	2012 £'000	2011 £'000
Current service cost	1,675	1,826
Effect of curtailments or settlements	116	9
Past service gain	-	(3,090)
Amount charged to operating costs	1,791	(1,255)

Notes to the Financial Statements

10. Employees (continued)

Merseyside Pension Fund (MPF) continued

Analysis of the amount charged to income and expenditure account – Group & Company

	2012 £'000	2011 £'000
Interest on pensions scheme liabilities	2,902	2,815
Expected return on scheme assets	(3,230)	(2,610)
Amounts charged to other finance costs	(328)	205
Actual return on assets	1,183	3,241

Statement of total recognised surpluses and deficits	**2012 £'000**	**2011 £'000**
Actuarial (loss)/gain in pension scheme recognised in STRSD	(4,310)	2,140

Amounts recognised in the balance sheet – Group & Company	**2012 £'000**	**2011 £'000**
Present value of funded obligations	(58,699)	(52,093)
Fair value of plan assets	51,229	49,085
	(7,470)	(3,008)
Present value of unfunded obligations	-	-
Unrecognised past service costs	-	-
Net liability recognised in balance sheet	(7,470)	(3,008)

Changes in present value of defined benefit obligations Group & Company

	2012 £'000	2011 £'000
Opening defined benefit obligations	(52,093)	(48,834)
Service cost	(1,675)	(1,826)
Interest cost	(2,902)	(2,815)
Members contributions	(664)	(651)
Past service cost (gain)	-	3,090
Actuarial loss on liabilities	(2,263)	(2,417)
Curtailment	(116)	(9)
Benefits paid	1,014	1,369
Closing defined benefit obligation	(58,699)	(52,093)

Notes to the Financial Statements

10. Employees (continued)

Merseyside Pension Fund (MPF) continued

Changes in plan assets: Group & Company

	2012 £'000	2011 £'000
Opening fair value of plan assets	49,085	38,505
Expected return on plan assets	3,230	2,610
Actuarial (losses)/gains on assets	(2,047)	4,557
Employer contributions	1,311	4,131
Member contributions	664	651
Benefits / transfers paid	(1,014)	(1,369)
Closing fair value of plan assets	51,229	49,085

Major categories of plan assets as a percentage of total plan assets· Group & Company

	2012	2011
Equities	59 1%	60 7%
Government Bonds	15 7%	10 7%
Other Bonds	4 0%	6 7%
Property	93%	7 9%
Cash / Liquidity	2 2%	2 3 %
Other	9 7%	11 7%

Amounts for the current and previous periods are as follows: Group & Company

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	58,699	52,093	48,834	31,777	37,710
Fair value of scheme assets	51,229	49,085	38,505	28,454	33,500
Deficit on scheme	(7,470)	(3,008)	(10,329)	(3,323)	(4,210)
Experience adjustments on plan liabilities	2,263	2,417	13,966	(10,043)	2,967
Experience adjustments on plan assets	(2,047)	4,557	7,814	(8,324)	(1,805)

11. Board members and executive directors

Aggregate remuneration of the Executive Management Team for the year ended 31 March 2012

	2012 £	2011 £
Emoluments	336,715	371,385
Pension contributions	35,484	34,649
	372,200	406,034

Notes to the Financial Statements

11. Board members and executive directors continued

The emoluments of the Executive Management Team, excluding pension contributions, for the year or period of actual service, fell into the following bands

	2012 No.	2011 No.
£40,001 - £50,000	-	1
£80,001 - £90,000	1	1
£100,001 - £110,000	1	1
£130,001 - £140,000	1	1

The emoluments of the highest paid director, the Chief Executive, for the 12 month period, excluding pension contributions, were £138,000 (2011 £136,000) The Chief Executive is a member of the Merseyside Pension Fund He 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

None of the Board members received emoluments in their capacity as Board members The only remuneration the members have received is in respect of out of pocket expenses in their capacity as members totalling £4,098 in the financial period (2011 £3,282)

12. Tax on surplus on ordinary activities: Group & Company

	Group & Company 2012 £'000	Group & Company 2011 £'000
Current tax		
UK corporation tax on surplus for the period	-	-
Adjustments in respect of prior years	-	-
	-	-
Deferred tax		
Net origination and reversal of timing differences	-	-
Total Tax	-	-

	Group & Company 2012 £'000	Group & Company 2011 £'000
Current tax reconciliation		
Surplus on ordinary activities before tax	7,853	626
Theoretical tax at UK corporation tax rate 21% (2010 21%)	2,042	175
Effects of		
- Losses not recognised due to charitable activities	(2,043)	(184)
- adjustments in tax losses	1	9
Current tax charge	-	-

Notes to the Financial Statements

13. Tangible fixed assets - properties

Group and Company - Housing Properties	Social housing properties held for letting £'000	Social housing properties under construction £'000	Total £'000
Cost			
At 1 April 2011 as previously stated	23,776	-	23,776
Additional capitalisation of components	84,956	-	84,956
At 1 April 2011 restated	108,732		108,732
Additions	-	1,423	1,423
Properties acquired	285	-	285
Work to existing properties	13,024	-	13,024
Schemes Completed	276	(276)	-
At 31 March 2012	122,317	1,147	123,464
Depreciation and impairment			
At 1 April 2011 as previously stated	3,345	-	3,345
Additional depreciation	11,810	-	11,810
At 1 April 2011 restated	15,155	-	15,155
Charged in year	4,754	-	4,754
At 31 March 2012	19,909	-	19,909
Depreciated cost			
At 31 March 2012	102,408	1,147	103,555
At 31 March 2011 (restated)	93,577	-	93,577
Social Housing Grant			
At 1 April 2011	2,061	-	2,061
Additions	-	-	-
At 31 March 2012	2,061	-	2,061
Net book value			
At 31 March 2012	100,347	1,147	101,494
At 31 March 2011 (restated)	91,516	-	91,516

Housing properties book value, net of depreciation and grants comprises.

	Group & Company 2012 £'000	2011 £'000 (Restated)
Freehold land and buildings	100,346	91,516
Total	100,346	91,516

Notes to the Financial Statements

13. Tangible fixed assets – properties continued

Social housing grant

Total accumulated social housing grant received or receivable at 31 March	Group & Company	
	2012	**2011**
	£'000	**£'000**
Capital grants	2,061	2,061
Total	2,061	2,061

Expenditure on works to existing properties

	Group & Company	
	2012	**2011 (restated)**
	£'000	**£'000**
Components capitalised	13,309	10,210
Amounts charged to income and expenditure account	15,467	6,893
Total	28,776	17,103

At 31 March 2012 the Group owned 12,413 housing properties (2011 12,408) The properties are carried in the balance sheet at cost after depreciation and capital grants The Board appointed external professional valuers to value the Group's housing properties as at 31 March 2012 and at that date the value of properties, on an existing use for social housing basis, was £191 million (2011 £175 million)

Component Accounting
The Group has adopted the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010 at 31 March 2012 This has required the group to identify the major components which make up its housing property assets and depreciate these over individual useful economic lives

Prior period balances have been adjusted to reflect this change in accounting policy, which has increased the net book value of housing properties by £73 1m Further details of this adjustment are provided in note 33

Notes to the Financial Statements

14. Tangible fixed assets – other

Group and Company	Freehold offices	Furniture fixtures and fittings	Computers and office equipment	Software	Other Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2011	-	8	262	535	271	1,076
Additions	1,147	-	86	-	46	1,279
At 31 March 2012	1,147	8	348	535	317	2,355
Depreciation						
At 1 April 2011	-	8	98	490	133	729
Charged in period	-	-	60	32	81	173
At 31 March 2012	-	8	158	522	214	902
Net book value						
At 31 March 2012	1,147	-	190	13	103	1,453
At 31 March 2011	-	-	164	45	138	347

The company purchased the freehold for a new head office during the financial year The building requires significant renovation to bring it to modern standards before being occupied, the renovation work will be carried out during financial year 2012-13 The office has not been depreciated while it is undergoing renovation

15. Investment in subsidiary

The financial statements consolidate the results of Wirral Partnership Homes (Building Services) Limited Effective 1st April 2008 the trade, assets and all liabilities of the subsidiary were transferred to the parent The subsidiary has not traded during the year and is now dormant

16. Debtors

	Group & Company 2012	2011
	£'000	£'000
Due within one year		
Rent and service charges receivable	2,361	1,775
Less Provision for bad and doubtful rent and service charge debts	(894)	(1,042)
	1,467	733
Trade debtors	996	815
Less Provision for bad and doubtful trade debts	(411)	(380)
Other debtors	897	422
Prepayments and accrued income	974	1,350
	3,923	2,940

Notes to the Financial Statements

17. Current asset investments

	Group & Company 2012 £'000	Group & Company 2011 £'000
Money market deposits	3,891	15,309
	3,891	15,309

18. Cash at bank and in hand

	Group & Company 2012 £'000	Group & Company 2011 £'000
Cash at bank and in hand	12,351	15,476

The above bank balances includes a total of £6,394k (2011 £12,923k) held in respect of the Community Fund Further background regarding the Community Fund is given in note 2 to the financial statements The Community Fund bank balance of £6,394k together with £606k (2011 £267k) included within Other Debtors and £329k within Deferred Income (2011 £243k), matches the deferred income balance of £7,281k (2011 £12,963k) (note 22) All payments from the Community Fund have to be agreed by a Working Group, which is comprised of an equal number of representatives from the Company and the Council

19. Creditors: amounts falling due within one year

	Group & Company 2012 £'000	Group & Company 2011 £'000
Debt (note 21)	-	13,166
Trade creditors	2,299	2,369
Rent and service charges received in advance	1,016	944
Other taxation and social security	479	454
Other creditors	243	392
Accruals and deferred income	3,448	13,709
	7,485	31,034

The above accruals and deferred income balance includes £750k (2011 £10,285k) in respect of the Community Fund (note 22)

20. Creditor: Amounts Falling Due After One Year

	Group & Company 2012 £'000	Group & Company 2011 £'000
Debt (note 21)	49,715	40,618
	49,715	40,618

Notes to the Financial Statements

21. Debt Analysis

	Group & Company 2012 £'000	Group & Company 2011 £'000
Within one year	-	13,166
Between one and two years	425	-
Between two and five years	5,930	3,675
After five years	43,360	36,943
	49,715	53,784

The bank loans are secured by way of a floating charge on the housing properties See note 30 for further information on these balances

22. Deferred Income

	Group & Company 2012 £'000	Group & Company 2011 £'000
At 1 April	12,963	19,796
Deferred income received in year	4,402	1,734
Utilised in year	(10,084)	(8,567)
At 31 March	7,281	12,963

The deferred income is included in the financial statements as follows	£'000	£'000
Amounts falling due within one year	750	10,285
Amounts falling due in more than one year	6,531	2,678
	7,281	12,963

Deferred income relates to monies paid into the Community Fund Further background regarding the Community Fund is given in note 2 Related balances are shown within cash at bank and in hand of £6,394k (2011 £12,923k) and in other debtors of £929k (2011 £284k)

The sums utilised in the year of £10,084k (2011 £8,567k), were used to fund projects undertaken by Wirral Partnership Homes Limited and Wirral Borough Council Community projects under the Your Wirral scheme totalling £250k (2011 £250k) were paid out in the financial year, Wirral Partnership Homes Limited undertook projects totalling £9,000k and Wirral Borough Council undertook projects totalling £750k

23. Provision for liabilities

	Group & Company 2012 £'000	Group & Company 2011 £'000
Provision for dilapidation charges	185	-
	185	-

Notes to the Financial Statements

24. Revenue Reserves

Group and Company	£'000
At 1 April 2011 as previously stated	(24,718)
Prior year adjustment (note 33)	73,146
At 1 April 2011 as restated	48,428
Surplus for the period	7,855
Actuarial gain relating to pension scheme	(4,310)
At 31 March 2012	51,973

At 31 March 2012, the Group and Company revenue reserve included £7,470k defined benefit pension's liability (2011 £3,008k)

25. Financial commitments

Capital expenditure commitments were as follows:

	Group & Company	
	2012 £'000	2011 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	19,385	14,995
Expenditure authorised by the Board, but not contracted	31,808	19,322
	51,193	34,317

The above commitments will be financed primarily through current cash balances and the draw down under existing loan arrangements

Operating leases

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

	Group & Company	
	2012 £'000	2011 £'000
(i) Land and buildings, leases expiring		
One to five years	238	244
	238	2,440

	Group & Company	
	2012 £'000	2011 £'000
(ii) Motor vehicles, leases expiring		
Less than one year	-	178
One to five years	355	-
	355	178

Notes to the Financial Statements

26. Contingent liabilities

The Group and Company had no contingent liabilities at 31 March 2012

27. VAT sharing arrangement

Immediately prior to entering into the Stock Transfer Agreement between the Council and the Company, the Council and the Company entered into a contract for the Company to perform the refurbishment works required to bring the properties into an agreed state The contract was for a fixed sum equal to the expected cost of the works i e £245 million At transfer the Company contracted with the Council to acquire the benefit of the agreed refurbishment works (£245 million) plus the housing properties at a price equal to the agreed value of the property in its unenhanced condition, which in this instance had a negative value of £4 42 million The nature of the works under the initial agreement has not been specified and a right of set off exists between the contracts These contracts have enabled the Company to recover VAT on repair/improvement costs that would otherwise have been expensed

The impact of these two transactions is that whilst the Council has a legal obligation to the Company to complete the refurbishment works, this work has been contracted back to the Company who are also legally obligated The underlying substance of the transaction is therefore that the Company has acquired the properties in their existing condition at their agreed value, and will complete certain repairs/improvements in line with guarantees to Tenants of not less than £245 million In the opinion of the Board members the commercial effect of these transactions when viewed as a whole does not, in practice, create separate assets and liabilities for reporting purposes Therefore, in accordance with FRS 5 the resulting debit and credit balances, relating to the legal obligation of the Council to complete the refurbishment works for the Company and the equal and opposite legal obligation of the Company to perform the refurbishment works for the Council, have been offset and are not recorded in the balance sheet

At 31 March 2012 £168 0 million (2011 £139 0 million) of the refurbishment works had been completed

28. Reconciliation of operating surplus to net cash inflow from operating activities

	2012 £'000	2011 (Restated) £'000
Operating surplus	9,734	7,738
Depreciation of tangible fixed assets	4,927	4,403
Pensions operating charge	1,675	1,826
Curtailment	116	9
Past Service Gain	-	(3,090)
Pension contributions paid	(1,311)	(4,131)
	15,141	6,755
Working capital movements		
(Increase) in stock	(69)	-
(Increase) in debtors	(983)	(140)
(Decrease) / Increase in creditors excluding debt	(10,383)	3,788
Increase / (Decrease) in deferred income due after more than one year	3,853	(9,018)
Increase in Provision for liabilities	185	-
Net cash inflow from operating activities	7,744	1,385

Notes to the Financial Statements

29. Reconciliation of net cash flow to movement in net funds

	2012 £'000	2011 £'000
Decrease in cash	(3,125)	(10,575)
Cash flow from (decrease) / increase in liquid resources	(11,418)	6,168
Cash outflow / (inflow) from increase in debt and lease finance	4,069	(6,882)
Movement in net funds for the period	(10,474)	(11,289)
Net funds at 1 April	(22,999)	(11,710)
Net funds at 31 March	(33,473)	(22,999)

30. Analysis of net debt

	1 April 2011 £'000	Cash Flow £'000	31 March 2012 £'000
Cash at bank and in hand	15,476	(3,125)	12,351
Changes in cash	15,476	(3,125)	12,351
Current asset investment	15,309	(11,418)	3,891
Loans	(53,784)	4,069	(49,715)
Changes in debt	(53,784)	4,069	(49,715)
Changes in net funds	(22,999)	(10,474)	(33,473)

31. Financial assets and liabilities

Financial assets

Other than short-term debtors, financial assets held are cash deposits placed in a Global Treasury fund and cash at bank They are sterling denominated and the amounts and interest rate profile at 31 March was

	2012 £'000	2011 £'000
Floating rate	16,242	30,785
	16,242	30,785

The floating rate financial assets attract interest at rates that vary with bank rates

Notes to the Financial Statements

31. Financial assets and liabilities continued

Financial liabilities excluding trade creditors – interest rate risk profile

The Group's financial liabilities are sterling denominated After taking account of various interest rate swaps, the amounts and interest rate profile of the Group's financial liabilities at 31 March was

	2012 £'000	2011 £'000
Floating rate	-	13,166
Fixed rate	49,715	40,618
Total (note 21)	49,715	53,784

The fixed rate liabilities have been drawn down at the fixed rate of 5 67% (2011 5 67%) The loan is repayable between 2013 and 2035
The floating rate financial liabilities bear interest rates based on the three month LIBOR

Borrowing facilities

The Company has undrawn committed borrowing facilities The facilities available at 31 March in respect of which all conditions precedent had been met were as follows

	2012 £'000	2011 £ '000
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	75,285	71,216
	75,285	71,216

Financial Instrument

The Company holds an interest rate swap option, which gives the Company the option to fix £16,619,178 of its debt at a rate of 5 26% The option expires on 27 March 2014 At 31 March 2012, the fair value of the swap option was £68k (2011 £262)

The Company uses interest rate swaps to manage its interest rate profile Changes in the fair value of these instruments, used as hedges, are not recognised in the financial statements until the hedge position matures As at the 31 March 2012 the unrecognised gains is £68k

Notes to the Financial Statements

32. Related parties

Although not giving rise to significant related party transactions, the following is disclosed for information

There are five tenant members on the Board and those who served during the year were June Foster, Jean McIntosh, Lynne Bunting, Joan Ormond, Mary Martin and Donovan Warner Their tenancies are on normal commercial terms and they are not able to use their position as Board members to their advantage

The Board also includes five elected members of Wirral Metropolitan Borough Council The members who served during the year were as follows

Tom Harney

Karen Hayes

Denise Roberts

Tom Anderson

Stuart Whittingham

Don McCubbin

The Group and Company undertake transactions with Wirral Metropolitan Borough Council at arms length in the normal course of business

33. Prior year adjustment

The prior year adjustment reflects the introduction of component accounting in accordance with SORP update 2010 which confirms that housing properties always comprise several components

The Group has determined that its properties include major components as set out in note 2 to these financial statements The SORP 2010 requires these components to be accounted for separately to the land and structure of the building for depreciation purposes

The effect of this change in accounting policy is to increase the Group's surplus for the year ending 31 March 2011 by £4,932,000

The cumulative effect on Group reserves is £73,146,000

Impact of Component Accounting

Group and Company	Cumulative prior year adjustment to 31 March 2010	Prior year adjustment for 2010/11	Cumulative prior year adjustment to 31 March 2011
	£'000	£'000	£'000
Income and expenditure account			
Operating costs – depreciation charge	(8,547)	(3,263)	(11,810)
Operating costs – major improvement expenditure	76,761	8,195	84,956
Impact on operating surplus	68,214	4,932	73,146

Notes to the Financial Statements

33. Prior year adjustment continued

Group and Company	Cumulative prior year adjustment to 31 March 2010	Prior year adjustment for 2010/11	Cumulative prior year adjustment to 31 March 2011
Balance Sheet	£'000	£'000	£'000
Housing properties (costs)			
At 31 March as previously stated	21,422		23,776
Additional capitalisation of components	76,761	8,195	84,956
At 31 March restated	98,183		108,732
Housing properties (depreciation)			
At 31 March as previously stated	(2,378)		(3,345)
Additional depreciation	(8,547)	(3,263)	(11,810)
At 31 March restated	(10,925)		(15,155)
Revenue reserves			
Revenue reserves at 31 March as previously stated	(27,483)		(24,718)
Impact on operating (deficit)	68,214	4,932	73,146
Revenue reserve at 31 March as restated	40,731		48,428