

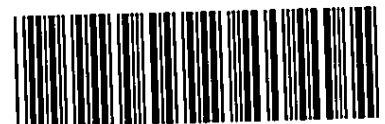
COMPANY NO 1089026

St Anne's Community Services

Report and financial statements

Year ended 31 March 2007

TUESDAY



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ST ANNE'S COMMUNITY SERVICES

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ST ANNE'S COMMUNITY SERVICES

COMPANY INFORMATION

| | |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board | Ms L Jackson (Chairman) Ms T McDonagh (Deputy Chairman) Mr A Akbor Mr D Baines Ms S Humphrey Dr N Moran Mr T Moran Mr D Rigby Ms S Saunders Mr P Shillito Ms T Stein Mr J Tait Mr P Williams |
| Senior Management Team | |
| Chief Executive | Ms S Allen |
| Finance Director | Mrs J A Micklethwaite |
| Assistant Director – Planning and Administration and Company Secretary | Mr H J Baczkowski |
| Assistant Director – Human Resources | Mrs S Chand |
| Assistant Directors - Operations | Ms C Irwin Mrs K Newsome Mrs J Robinson |
| Registered office | 6 St Mark's Avenue Leeds LS2 9BN |
| Registered number | 1089026 |
| Charity Commission | 502224 |
| Housing Corporation | H3158 |
| Auditors | Grant Thornton UK LLP St George House 40 Great George Street Leeds LS1 3DQ |
| Bankers | HSBC Bank plc University Branch Blenheim Terrace Leeds LS2 9HE |
| Solicitors | Cobbetts Trafalgar House 29 Park Place Leeds LS1 2SP |

ST ANNE'S COMMUNITY SERVICES

REPORT OF THE CHIEF EXECUTIVE

A new core principle

A seventh core principle has been adopted by St Anne's during this past year which is

"That we provide strong value for money and efficient financial management"

This was to explicitly acknowledge the huge amount of work that goes in to ensuring effective stewardship of the significant amounts of public money awarded to St Anne's. Value for money and financial efficiency is nothing new for St Anne's, but the need to demonstrate it is becoming increasingly important. The financial difficulties faced by PCTs during the past year have been well documented as have the increasing pressures on local authority adult social service departments. Combined with local Supporting People teams having to identify major savings, the financial environment for organisations providing support and care services such as St Anne's has been extremely challenging. This seventh core principle focuses all of our staff on the need for financial efficiency and enables us to identify performance outcomes for us all to achieve. For example during the past year great efforts have been made to reduce the amount the organisation spends on agency staff and we are very pleased to report a 24% reduction on expenditure for the last financial year. Not only does this represent an important financial achievement but also means we can be confident of providing even better quality services as people we support are not having to depend on people they do not know. We are also working hard to improve absence management to support staff to achieve good attendance as well as initiatives to speed up the recruitment process to reduce the amount of vacant hours requiring cover. A further objective is to reduce staff turnover and a number of initiatives are being introduced to achieve this.

The financial statements show that the operating surplus (before taking account of the pension adjustments we are required to make to comply with FRS 17) is higher than that achieved in the previous year. This is largely due to the efforts made to reduce agency costs.

The Association's income and expenditure accounts and balance sheets are summarised in the following table

| For the year ended 31 March | 2007 | 2006 | 2005 | 2004 | 2003 |
|---------------------------------------------------|---------|---------|---------|--------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income and Expenditure account | | | | | |
| Turnover | 32,306 | 30,486 | 28,400 | 23,806 | 20,398 |
| Operating surplus (before FRS 17 Adjustments) | 499 | 206 | 921 | 559 | 457 |
| Interest receivable and similar income | 293 | 284 | 306 | 228 | 235 |
| FRS 17 Adjustments | (746) | 127 | (539) | - | - |
| Surplus for the year | 46 | 617 | 688 | 787 | 692 |
| Transfer (to)/from designated/restricted reserves | (22) | (158) | (410) | (125) | (247) |
| Transfer to Charity Fund | 5 | 7 | (19) | 3 | (2) |
| Transfer to revenue reserve | 29 | 466 | 259 | 665 | 443 |
| Balance Sheet | | | | | |
| Tangible fixed assets | 2,429 | 2,388 | 2,210 | 2,196 | 2,124 |
| Fixed asset investments | 3,128 | 3,050 | 2,841 | 2,252 | 1,683 |
| Net current assets | 4,625 | 3,896 | 3,740 | 3,127 | 2,944 |
| Total assets less current liabilities | 10,182 | 9,334 | 8,791 | 7,575 | 6,751 |
| Loans due (over 1 year) | 6 | 6 | 6 | 7 | 7 |
| Net Pension liability | 3,452 | 5,267 | 5,115 | - | - |
| Reserves General Charity Fund | 103 | 108 | 115 | 96 | 99 |
| Investment revaluation | 250 | 194 | 141 | 151 | 115 |
| Designated | 4,633 | 4,611 | 4,453 | 3,764 | 3,681 |
| Restricted | | | | 279 | 236 |
| Revenue (SSAP 24 basis) | 5,190 | 4,415 | 4,076 | 3,278 | 2,613 |
| FRS 17 pension liability | (3,452) | (5,267) | (5,115) | - | - |
| | 10,182 | 9,334 | 8,791 | 7,575 | 6,751 |

The budget for 2007/08 is challenging. The full impact of reductions in Supporting People funding will be felt in this year and increases from other funding bodies are generally below current levels of inflation.

ST ANNE'S COMMUNITY SERVICES

REPORT OF THE CHIEF EXECUTIVE (CONTINUED)

With continued attention being paid to controlling staffing costs and achieving high occupancy levels (in areas where this is within our control) we are confident that the operating surplus set in the budget can be achieved

Satisfaction and regulation ratings

Satisfaction levels amongst the people supported by St Anne's remain positive at 82% whilst carers and visitors report 96% satisfaction with the services received. The Housing Corporation Assessment for last year was that St Anne's retained green lights for all areas assessed. The Commission for Social Care Inspection (CSCI) annual provider report informed us that 87% of the national minimum standards had been achieved by St Anne's services, comparing favourably with a national average of 82%. In January 2008 CSCI are introducing a quality rating system based on star ratings linked to their current outcomes rating. The table below demonstrates the ratings St Anne's services will be awarded as at June 2007

| Outcome | Star rating | St Anne's |
|-----------|-------------|-----------|
| Poor | 0 | 2% |
| Adequate | 1 | 25% |
| Good | 2 | 59% |
| Excellent | 3 | 14% |

15% of the Supporting People Quality Assessment Framework standards have been assessed as achieving level B, 70% level C and 15% level D – obviously we are working hard to achieve minimum level C for all standards across all services. We also want to achieve a higher proportion of Bs in the coming year.

Service developments

Grove House residential care home for people with enduring mental health problems transferred to St Anne's and supported living services in both North and South Shields have grown during the year and a new supported living service established in Sheffield. We have achieved accreditation to develop supported living services in Bradford and have established an office base in the city. St Anne's was successful in winning the tender to project manage the Dual Diagnosis Implementation Project for Leeds. Further support from the Hostels Capital Improvement Programme within the Department of Communities and Local Government has provided an all weather football pitch and changing facilities at Bevin Court hostel in Sheffield. Work has been completed at Holdforth Court hostel in Leeds to provide a number of self catering kitchens so that residents can prepare for independence. Residents have moved from a residential care home that was no longer appropriate for their needs into a new supported living service in Leeds and we are actively developing our domiciliary care provision in Leeds. Plans to extend the provision at one of our nursing care homes in Batley to provide all single room accommodation are well in hand as are plans to refurbish a property to provide move on accommodation for people with mental health needs in Leeds. A major piece of work is being progressed with commissioners to change the services in North Yorkshire to provide more supported living.

Supporting St Anne's staff

Nearly 1300 people work for St Anne's, the vast majority in direct support and care provision with approximately 15% in either management or central support functions. Supporting staff to enable them to perform their roles to the highest standards and to have a positive working experience is a key priority for St Anne's. Last year we introduced an employee assistance programme for the staff group which has been both well received and well used. Following the first staff survey in 2005 the Senior Management Team (SMT) held a number of focus groups with front line staff and has put a number of recommendations in place as a result of these. The second staff survey is taking place in June 2007. We are pleased to report that ongoing monitoring shows a positive trend in the percentage of staff from BME groups within the organisation. It is also positive that 76% of diversity objectives within local team plans were achieved in the past year. Staff turnover has reduced from the previous year. Whilst St Anne's rates compare favourably with national trends in both the care and housing association sectors, as reported above, we are committed to further reducing this during the coming year. St Anne's has held Investor in People status since 1997 and is being re-assessed for the fifth time in 2007. We are also pursuing the new Benefits of Balance award to demonstrate and enhance our commitment to work-life balance and promoting a healthy workplace.

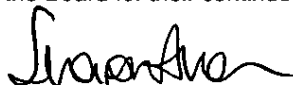
REPORT OF THE CHIEF EXECUTIVE (CONTINUED)

New initiatives

A number of staff have been supported to pursue training and development to enable St Anne's to establish our Positive Behaviour Support Group. This is to provide advice and guidance to staff working in services with people who have challenging reputations. We are currently pursuing BILD accreditation for the programme and hope eventually to be able to offer this to other organisations. We are also supporting staff through the Paradigm Support Brokerage programme and working internally to look at how self directed support and support brokerage can be more fully integrated within our service provision. A further initiative is the roll out of our IT strategy, a medium term strategy to improve communication and efficiency across the organisation. We are delighted to be holding our first service user conference in September 2007 in direct response to an idea from someone supported by St Anne's. The conference has been planned by a group involving both people supported and staff within St Anne's. We are also piloting a number of initiatives to involve people we support more fully in our quality assurance processes. A major focus for the year ahead is to support even more people who want to in to paid employment or other form of chosen activity.

Conclusion

Despite a difficult financial environment St Anne's has managed to maintain our quality service provision and to develop both existing and new services. We know that the year ahead is going to be possibly even more challenging but are confident in both our abilities and our commitment to rise to these challenges. We exist to ensure that people who need support and care to live the life they want to have can do just that. I am proud of all that everyone has achieved during the past year. I would again take this opportunity to give a public and sincere vote of thanks to all of St Anne's hugely dedicated staff, the very committed people who work voluntarily and to the Board for their continued guidance and support.



Sharon Allen

24 July 2007

ST ANNE'S COMMUNITY SERVICES

REPORT OF THE BOARD

The Board presents its report together with financial statements for the year ended 31 March 2007

Principal activities

St Anne's is registered as a charity, a company and a housing association and is principally engaged in providing accommodation, working with single homeless people and people with special housing needs

Business review

A review of the year's activities and future prospects is given in the Report of the Chief Executive

The Association generated a surplus of £46,000 (2006 £617,000) during the year. After transfers to designated reserves an amount of £29,000 (2006 £466,000) has been transferred to revenue reserves

Board members

The Board members at the end of the year are listed below

Members

Ms L Jackson (Chairman)**
Ms T McDonagh (Deputy Chairman) **
Mr A Akbor *
Mr D Baines *
Ms S Humphrey
Dr N Moran
Mr T Moran*
Mr D Rigby
Ms S Saunders*
Mr P Shillito
Ms T Stein**
Mr J Tait **
Mr P Williams

Ms S Humphrey and Ms K Kelly were appointed to the Board on 16 May 2006. Ms S Saunders was appointed on 18 July 2006. Dr N Moran and Mr D Rigby were appointed on 21 November 2006.

Ms K Kelly and Mr C Kuras resigned from the Board on 19 September 2006, Mr A Hobbs resigned on 21 November 2006 and Mr P Williams resigned on 24 April 2007.

* - denotes a member of the Audit Committee

** - denotes a member of the Remuneration Committee

NHF Code of Governance

We are pleased to report that the Association complies with the principal recommendations of the NHF Code of Governance (revised 2004)

Board

The Association's Board is limited to 20 members including co-optees

The Board has introduced processes for annual appraisal of its own performance, both in a collective and an individual basis. In line with NHF recommendations it will continue to review its membership to ensure that the number of members is consistent with effective decision making.

The Board is responsible for the Association's strategy and policy framework. The day to day implementation of that policy is delegated to the Chief Executive and the other members of the Senior Management team who meet bi-weekly.

ST ANNE'S COMMUNITY SERVICES

REPORT OF THE BOARD (CONTINUED)

Recruitment of Board Members

The Association seeks to recruit Board members from as wide a range of backgrounds as possible and with a view to securing all the skills appropriate to the management of an organisation of this size and type. The Association has used and will continue to use external advertisements with a view to identifying a wider range of potential Board members.

Committees

The Board has an Audit Committee and a Remuneration Committee.

The Audit Committee consists of five members of whom at least two are members of the Board. The committee meets at least three times a year and considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the Association's internal control arrangements.

The Remuneration Committee consists of four members of the Board and meets at least once a year. The Committee determines the pay and conditions of service of the Chief Executive and other members of the Senior Management Team and considers annually whether and at what level a cost of living pay award should be made to them.

Internal Controls Assurance

The Board has 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 the Association's objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

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

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the financial year.

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

1 Identifying and evaluating key risks

The Association's risk management policy sets out arrangements in place for identifying, evaluating and controlling significant risk. The structure of risk management responsibilities included in the policy aims to ensure that all parts and all levels of the organisation are included in the risk management process.

2 Control environment and internal controls

The processes to identify and manage the key risks to which the Association is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of senior staff, regular performance monitoring, control over developments, raising risk awareness and monitoring Health and Safety practice and performance.

3 Information and reporting systems

The budget for the year ahead is reviewed and approved by the Board prior to the start of the new financial year. Performance against budget is monitored throughout the year by the Board. Reports at least twice in each financial year enable the Board to monitor the treasury management operation and the exercise of delegated treasury management powers.

ST ANNE'S COMMUNITY SERVICES

REPORT OF THE BOARD (CONTINUED)

4 Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. Independent assurance is provided by internal audit to the Board, via the Audit Committee.

Board responsibilities for the financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Board are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- follow applicable United Kingdom Auditing Standards and the Statement for Recommended Practice "Accounting by registered social landlords" (Update 2005), subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Companies Act 1985, Paragraph 17 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of The Board is prepared in accordance with the Statement of Recommended Practice "Accounting by registered social landlords" (Update 2005).

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

Going Concern

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

Employee involvement

The Association has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Association.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Tax status

The Association is a registered charity and consequently has no liability to taxation.

ST ANNE'S COMMUNITY SERVICES

REPORT OF THE BOARD (CONTINUED)

Disclosure of information to auditors

At the date of making this report, each of the Association's Board members, as set out on page 5, confirms the following -

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

Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton Robson Rhodes resigned as auditors on 23 July 2007, creating a casual vacancy which the Board has filled by appointing Grant Thornton. A resolution to reappoint Grant Thornton as auditors of the Association will be proposed at the forthcoming Annual General Meeting

BY ORDER OF THE BOARD



Mr H J Baczkowski
Secretary
24 July 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST ANNE'S COMMUNITY SERVICES

We have audited the financial statements on pages 10 to 28. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The responsibilities of the Board for preparing the report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the board for the financial statements.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2006.

We also report to you if, in our opinion, the Board report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other information is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Association as at 31 March 2007 and of the surplus for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2006, and
- the information given in the Board report is consistent with the financial statements.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors

Leeds, England

11th September 2007

ST ANNE'S COMMUNITY SERVICES

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2007

| | Note | 2007 £'000 | 2006 £'000 |
|---------------------------------------------------|------|---------------|---------------|
| Turnover continuing activities | 2 | 32,306 | 30,486 |
| Operating costs | 2 | (32,697) | (30,163) |
| Operating (deficit)/surplus continuing activities | 2&7 | (391) | 323 |
| Interest receivable and similar income | 5 | 293 | 284 |
| Interest payable and similar charges | 6 | - | - |
| Other finance costs | 26 | 144 | 10 |
| Surplus for the financial year | | 46 | 617 |

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS for the year ended 31 March 2007

| | 2007 £'000 | 2006 £'000 |
|-----------------------------------------------------------|---------------|---------------|
| Surplus for the financial year | 46 | 617 |
| Unrealised surplus on revaluation of investments | 56 | 53 |
| Actuarial gain/(loss) relating to pension scheme | 2,561 | (279) |
| Total recognised surpluses relating to the financial year | 2,663 | 391 |

The financial statements were approved by the Board on 24 July 2007 and signed on its behalf by

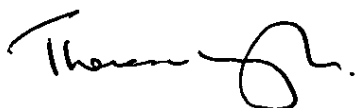
Ms L Jackson

Chairman



Ms T McDonagh

Deputy Chairman



Mr H J Baczkowski

Secretary



ST ANNE'S COMMUNITY SERVICES

BALANCE SHEET at 31 March 2007

| | Note | 2007 £'000 | 2006 £'000 |
|-------------------------------------------------------|------|---------------|---------------|
| Tangible fixed assets | | | |
| Tangible fixed assets | | | |
| Housing properties | | | |
| Gross cost less depreciation | | 16,234 | 16,053 |
| Less Social housing and other government grants | | (14,417) | (14,263) |
| | | 1,817 | 1,790 |
| Other tangible fixed assets | | 612 | 598 |
| | 8 | 2,429 | 2,388 |
| Fixed asset investments | 9 | 3,128 | 3,050 |
| | | 5,557 | 5,438 |
| Current assets | | | |
| Debtors | 10 | 2,494 | 3,709 |
| Cash at bank and in hand | 11 | 5,827 | 4,173 |
| | | 8,321 | 7,882 |
| Creditors amounts falling due within one year | 12 | (3,696) | (3,986) |
| Net current assets | | 4,625 | 3,896 |
| Total assets less current liabilities | | 10,182 | 9,334 |
| Creditors amounts due after more than one year | 13 | 6 | 6 |
| Net pension liability | 26 | 3,452 | 5,267 |
| | | 3,458 | 5,273 |
| Capital and reserves | | | |
| General charity fund | 15 | 103 | 108 |
| Investment revaluation reserve | 16 | 250 | 194 |
| Designated reserves | 17 | 4,633 | 4,611 |
| Revenue reserve | 18 | 1,738 | (852) |
| | | 6,724 | 4,061 |
| | | 10,182 | 9,334 |

The financial statements on pages 10 to 28 were approved by the Board on 24 July 2007 and signed on its behalf by

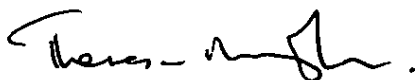
Ms L Jackson

Chairman



Ms T McDonagh

Deputy Chairman



Mr H J Baczkowski

Secretary



ST ANNE'S COMMUNITY SERVICES

CASH FLOW STATEMENT at 31 March 2007

| | Note | 2007 £'000 | 2006 £'000 |
|-------------------------------------------------------------|------|---------------|---------------|
| Net cash inflow/ (outflow) from operating activities | 20 | <u>1,779</u> | <u>(118)</u> |
| Returns on investments and servicing of finance | | | |
| Interest received and similar income | | 286 | 298 |
| Interest paid | | - | - |
| | | <u>286</u> | <u>298</u> |
| Capital expenditure and financial investment | | | |
| Acquisition and construction of housing properties | | (210) | (874) |
| Purchase of other fixed assets | | (456) | (1,166) |
| Capital grants received | | 255 | 701 |
| Receipts from sale of tangible fixed assets | | - | - |
| Receipts from sale of fixed asset investments | | - | 640 |
| | | <u>(411)</u> | <u>(699)</u> |
| Financing activities | | | |
| Repayment of loans | | - | - |
| Increase/ (Decrease) in cash | 21 | <u>1,654</u> | <u>(519)</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

1 ACCOUNTING POLICIES

Legal status

The Association is registered under the Companies Act 1985 and is registered with the Housing Corporation as a social landlord

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice accounting by Registered Social Landlords, update issued in November 2002, and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006. The principal accounting policies have remained unchanged from the previous year and are set out below

The financial statements are prepared on the historical cost basis of accounting

Turnover

Turnover comprises rental income receivable, fees and grants from central and local government and the Housing Corporation, and the proceeds of fund raising activities

Group financial statements

The Association has taken advantage of the exemption from preparing group financial statements contained in Section 229(5) of the Companies Act 1985 on the grounds that its subsidiary undertaking is exempt from consolidation under section 229(2) of the Act. Details of the subsidiary undertaking are set out in note 9

Fixed assets and depreciation

Assets acquired before 31 March 1981

Fixed assets acquired before 31 March 1981 have not been depreciated. All capital expenditure prior to that date has been written off against appropriate central and local government grants and any shortfall has been written off to revenue in the year in which it was incurred

Assets acquired after 31 March 1981

Tangible fixed assets, except freehold properties, are stated at cost less accumulated depreciation. Depreciation is charged by equal annual instalments over the expected useful lives of the assets. The periods generally applicable are

| | |
|------------------------------------|-----------------|
| Improvements to leasehold premises | Period of lease |
| Furniture, fixtures and fittings | 2 years |
| Computer equipment | 3 years |
| Office and workshop equipment | 5 years |
| Motor vehicles | 4 years |

Freehold properties

Freehold land is not depreciated. Depreciation is charged so as to write down the net book value of freehold properties other than freehold land to their estimated residual value on a straight line basis over their expected useful economic lives. The depreciable amount is arrived at on the basis of original cost, less proportion of SHG and other grants, attributable to freehold properties less residual value. The freehold properties are depreciated over a range between 20 and 50 years

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007**

1. ACCOUNTING POLICIES (continued)

The depreciation calculated on the basis set out above is immaterial due to the length of the remaining useful lives and is not recorded. Impairment reviews are carried out on an annual basis in accordance with FRS 11.

Social housing grant

Social housing grant (SHG) is receivable from the Housing Corporation and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the Housing Corporation or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the Housing Corporation. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the 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 they relate.

Impairment

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

Investments

Non quoted investments are accounted for on a historical cost basis less any provision for impairment. Quoted investments are accounted for at market value at the balance sheet date. Any upward movement in valuation is taken to the investment revaluation reserve and shown in the statement of total surpluses and deficits. Any reduction in investments value is charged to the investment reserve and shown in the statement of total recognised surpluses and deficits, to the extent that there has been a previous upward valuation. Any excess reduction in market value over previous upward valuations is charged to the income and expenditure account.

Designated reserves

Where fixed assets are financed by the Association's own reserves an amount equivalent to the cost of the fixed assets is transferred from revenue to a designated reserve financing capital expenditure.

An amount equivalent to the annual depreciation charge on such assets is transferred from designated reserves financing capital expenditure to revenue reserves.

Where as a result of management decisions taken on specific future major repairs, capital expenditure, and other projects, reserves cannot be regarded as available for general use, a transfer is made from revenue reserve to designated reserves.

An annual transfer is made to designated reserves for major repairs in order that the Association's liabilities in respect of the cost of long term major repairs to its properties can be met.

Allocation of head office expenses

Head office salaries and overhead expenses are charged to the various housing and non-housing activities of the Association on the basis of estimated time spent.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007**

1 ACCOUNTING POLICIES (continued)

General Charity Fund

The General Charity Fund has been created from donations and the proceeds of fund raising activities and is available to meet expenditure within the Association's objectives but for which no other finance is available

Leased assets

All assets leased are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight-line basis over the lease term

Pensions

The Association operates two defined benefit pension schemes for the benefit of its employees, the National Health Service Pension Scheme and the West Yorkshire Pension Fund

For the National Health Service Pension, 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 West Yorkshire Pension Fund, 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 the fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits

Supported housing managed by agencies

Social housing capital grants are claimed by the Association as developer and owner of the property and included in the balance sheet of the Association. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Association and its managing agents and on whether the Association carries the financial risk

Where the Association holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Association's income and expenditure account (see note 2)

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Association. Other income and expenditure of projects in this category is excluded from the Association's income and expenditure account (see note 2)

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

2 TURNOVER OPERATING COSTS AND OPERATING SURPLUS

| | 2007 | | | 2006 | | |
|-------------------------------------------------|-------------------|-----------------------------|-------------------------------|-------------------|-----------------------------|-------------------------------|
| | Turnover £'000 | Operating costs £'000 | Operating Surplus £'000 | Turnover £'000 | Operating costs £'000 | Operating surplus £'000 |
| Social housing lettings | <u>10,224</u> | <u>(9,555)</u> | <u>669</u> | <u>9,942</u> | <u>(9,258)</u> | <u>684</u> |
| Other social housing activities | | | | | | |
| St Anne's Centre | 205 | (402) | (197) | 197 | (353) | (156) |
| Respite Service | 569 | (563) | 6 | - | - | - |
| Tenancy support - | | | | | | |
| Supporting People | 4,213 | (4,213) | - | 4,338 | (4,338) | - |
| Other | 7,840 | (7,406) | 434 | 6,553 | (6,237) | 316 |
| Funded projects | 1,239 | (1,190) | 49 | 1,282 | (1,347) | (65) |
| Fund raising & Publicity | 23 | (28) | (5) | 42 | (21) | (21) |
| Other | <u>107</u> | <u>(570)</u> | <u>(463)</u> | <u>250</u> | <u>(836)</u> | <u>(586)</u> |
| | <u>14,196</u> | <u>(14,372)</u> | <u>(176)</u> | <u>12,662</u> | <u>(13,132)</u> | <u>(470)</u> |
| Non-social housing activities | | | | | | |
| Lettings | 7,583 | (7,577) | 6 | 7,710 | (7,718) | (8) |
| Other | <u>303</u> | <u>(303)</u> | <u>-</u> | <u>172</u> | <u>(172)</u> | <u>-</u> |
| | <u>7,886</u> | <u>(7,880)</u> | <u>6</u> | <u>7,882</u> | <u>(7,890)</u> | <u>(8)</u> |
| Total before pension adjustments | <u>32,306</u> | <u>(31,807)</u> | <u>499</u> | <u>30,486</u> | <u>(30,280)</u> | <u>206</u> |
| FRS17 Pension adjustments | | | | | | |
| Pension contributions paid | - | 1,097 | 1,097 | - | 1,022 | 1,022 |
| Pension operating (charge) | <u>-</u> | <u>(1,987)</u> | <u>(1,987)</u> | <u>-</u> | <u>(905)</u> | <u>(905)</u> |
| Total | <u>32,306</u> | <u>(32,697)</u> | <u>(391)</u> | <u>30,486</u> | <u>(30,163)</u> | <u>323</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

2 TURNOVER OPERATING COSTS AND OPERATING SURPLUS (continued)

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

| | Hostels & Supported Housing £'000 | Residential Care Homes £'000 | 2007 Total £'000 | 2006 Total £'000 |
|-----------------------------------------------------|--------------------------------------------|------------------------------------|------------------------|------------------------|
| Turnover from social housing lettings | | | | |
| Rent receivable net of identifiable service charges | 1,071 | 3,405 | 4,476 | 4,940 |
| Service income | 1,029 | - | 1,029 | 948 |
| Charges for Support Services | 699 | - | 699 | 10 |
| Net rental income | 2,799 | 3,405 | 6,204 | 5,898 |
| Revenue grants | - | 4,020 | 4,020 | 4,044 |
| Turnover from social housing lettings | 2,799 | 7,425 | 10,224 | 9,942 |
| Expenditure on social housing lettings | | | | |
| Management and care | 357 | 3,693 | 4,050 | 4,256 |
| Services | 1,358 | 3,548 | 4,906 | 4,423 |
| Routine maintenance | 298 | 100 | 398 | 382 |
| Major repairs expenditure | 94 | 52 | 146 | 189 |
| Bad debts | 45 | 10 | 55 | 8 |
| Operating costs on social housing lettings | 2,152 | 7,403 | 9,555 | 9,258 |
| Operating surplus on social housing lettings | 647 | 22 | 669 | 684 |
| Void losses | 236 | 245 | 481 | 436 |

ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

At the end of the year accommodation in management was as follows

| | 2007 No | 2006 No |
|-------------------------------|------------|------------|
| Social housing | | |
| Supported housing and hostels | 369 | 369 |
| Residential care homes | 193 | 178 |
| | 562 | 547 |
| Non-social housing | | |
| Registered nursing homes | 116 | 123 |

Where the agency carries the financial risk, the Association's income and expenditure account includes only the income and expenditure for which it retains responsibility. The organisation managing units for the Association, is detailed below

| Managing body | Units at start of year | Units at end of year |
|-----------------------|---------------------------|-------------------------|
| Leeds Housing Concern | 5 | 5 |

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

2 TURNOVER OPERATING COSTS AND OPERATING SURPLUS (continued) SUPPORTED HOUSING MANAGED BY AGENCIES

2(a) FUND RAISING AND PUBLICITY

| | 2007 | 2006 |
|------------------------------------------|-----------|-----------|
| | £'000 | £'000 |
| Gifts and donations received | 24 | 42 |
| Income from charitable trusts | | |
| Received in the year | 18 | - |
| Deferred to following year | (18) | - |
| | <u>24</u> | <u>42</u> |
| Direct charitable expenditure | (28) | (21) |
| Transfer (from)/ to general charity fund | (4) | 21 |
| Fund raising and publicity costs | <u>9</u> | <u>9</u> |

3 DIRECTORS AND EMOLUMENTS

The directors of the Association are the members of the Board, the Chief Executive and other members of the Senior Management team

| | 2007 £'000 | 2006 £'000 |
|-----------------------------------------------------------------------------------------------------|---------------|---------------|
| Emoluments of the Association's directors (including pension contributions and benefits in kind) | <u>405</u> | <u>398</u> |
| Emoluments of the highest paid director (excluding pension contributions) The Chief Executive | <u>70</u> | <u>67</u> |

The Chief Executive is an ordinary member of one of the Association's pension schemes. No enhanced or special terms apply and there is no individual arrangement to which contributions are made.

No emoluments were paid to members of the Board during the year.

| | 2007 £ | 2006 £ |
|------------------------------------------------------------------------------------------|--------------|------------|
| Total expenses reimbursed to the directors of the Association (not chargeable to tax) | <u>1,374</u> | <u>964</u> |

ST ANNE'S COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007**

4 EMPLOYMENT INFORMATION

Average monthly number of employees expressed in full time equivalent of 35 hours

| | 2007 No | 2006 No |
|-----------------------------------|--------------|--------------|
| Finance and administration staff | 55 | 54 |
| Maintenance and development staff | 13 | 13 |
| Care staff | 1,113 | 1,054 |
| | <u>1,181</u> | <u>1,121</u> |

Employee costs

| | 2007 £'000 | 2006 £'000 |
|-------------------------------------|---------------|---------------|
| Staff costs (for the above persons) | | |
| Wages and salaries | 23,590 | 22,407 |
| Social security costs | 1,538 | 1,386 |
| Other pension costs | 1,399 | 1,356 |
| | <u>26,527</u> | <u>25,149</u> |

Agency costs are included within employee costs

5 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2007 £'000 | 2006 £'000 |
|-----------------------------------------------|---------------|---------------|
| Dividends receivable | 47 | 71 |
| Loan interest receivable | 1 | 1 |
| Bank and building society interest receivable | 245 | 212 |
| | <u>293</u> | <u>284</u> |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2007 £'000 | 2006 £'000 |
|-------------|---------------|---------------|
| Other loans | <u>-</u> | <u>-</u> |

7 OPERATING SURPLUS

Operating surplus is arrived at after charging

| | 2007 £'000 | 2006 £'000 |
|---------------------------------------------|---------------|---------------|
| Depreciation of other tangible fixed assets | 364 | 376 |
| Auditors' remuneration (including VAT) | | |
| - for audit services | 18 | 16 |
| - for non audit services (tax compliance) | 1 | - |
| | <u>383</u> | <u>392</u> |

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

8 TANGIBLE FIXED ASSETS

| | Freehold housing property £'000 | Other freehold properties £'000 | Additions to leasehold premises £'000 | Motor vehicles £'000 | Office and workshop equipment £'000 | Furniture fixtures and fittings £'000 | Total £'000 |
|--------------------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------|----------------------------|----------------------------------------------|---------------------------------------------------|----------------|
| Cost | | | | | | | |
| 1 April 2006 | 16,055 | 6,321 | 69 | 12 | 518 | 3,768 | 26,743 |
| Additions to existing properties | 181 | 28 | - | - | - | - | 209 |
| Other additions | - | - | - | - | 128 | 251 | 379 |
| Disposals | - | (199) | - | (11) | (3) | - | (213) |
| 31 March 2007 | 16,236 | 6,150 | 69 | 1 | 643 | 4,019 | 27,118 |
| Social Housing and other capital grants | | | | | | | |
| 1 April 2006 | 14,263 | 5,970 | 16 | - | 91 | 683 | 21,023 |
| Received during the year | 154 | 28 | - | - | - | - | 182 |
| Disposals | - | (199) | - | - | - | - | (199) |
| 31 March 2007 | 14,417 | 5,799 | 16 | - | 91 | 683 | 21,006 |
| Depreciation | | | | | | | |
| 1 April 2006 | 2 | 4 | 42 | 12 | 365 | 2,907 | 3,332 |
| Charge for the year | - | - | 4 | - | 71 | 289 | 364 |
| On disposals | - | - | - | (11) | (2) | - | (13) |
| 31 March 2007 | 2 | 4 | 46 | 1 | 434 | 3,196 | 3,683 |
| Net book value at 31 March 2007 | 1,817 | 347 | 7 | - | 118 | 140 | 2,429 |
| Net book value at 31 March 2006 | 1,790 | 347 | 11 | - | 62 | 178 | 2,388 |

The cost of freehold property at 31 March 2007 includes interest capitalised of £270,000 (2006 £270,000)
Cost and capital grants received include £22,000 (2006 £22,000) for fixed assets funded by the Big Lottery
Fund

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

9 FIXED ASSET INVESTMENTS

Total fixed asset investments comprise

| | 2007 £'000 | 2006 £'000 |
|---------------------------------|---------------|---------------|
| Interest in subsidiary | - | - |
| Listed investments at valuation | 3,118 | 3,040 |
| Other fixed asset investments | 10 | 10 |
| Net book value at 31 March 2007 | <u>3,128</u> | <u>3,050</u> |

The historical cost of fixed asset investments is £2,916,000 (2006 £2,867,000)

Interest in subsidiary

The Association owns the whole share capital (two £1 ordinary shares) of St Anne's Trading Limited, a company registered in England and Wales

The aggregate capital and reserves of the Company at the 31 March 2007 amounted to £2,896 (2006 £2,914) The deficit for the year after tax was £17 (2006 Deficit £557)

Other fixed asset investments

This represents a secured loan to an unconnected undertaking

Listed investments

| | £'000 |
|----------------------------------------------------------|--------------|
| Cost at 1 April 2006 | 3,040 |
| Additions in year at cost | 49 |
| Decrease in value through Income and Expenditure Account | (27) |
| Increase in value to Revaluation Reserve | 56 |
| Disposals in year | - |
| Market value at 31 March 2007 | <u>3,118</u> |

10 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2007 £'000 | 2006 £'000 |
|-------------------------------------------|---------------|---------------|
| Arrears of rent | 680 | 669 |
| Less Provision for bad and doubtful debts | <u>(146)</u> | <u>(74)</u> |
| | 534 | 595 |
| Invoiced debtors | 1,010 | 2,250 |
| Other debtors | 568 | 437 |
| Prepayments and accrued income | 339 | 350 |
| Amounts owed by subsidiary company | 42 | 36 |
| Grants receivable | <u>1</u> | <u>41</u> |
| | <u>2,494</u> | <u>3,709</u> |

11 CASH AT BANK AND IN HAND

Included in the figure of £5,827,000 (2006 £4,173,000) are amounts received in respect of committed capital and revenue grants totalling £895,000 (2006 £1,406,000)

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2007 £'000 | 2006 £'000 |
|-------------------------------------------|---------------|---------------|
| Social housing allowances | 6 | 6 |
| Trade creditors | 592 | 735 |
| Capital expenditure on housing properties | 42 | 70 |
| Pension contributions | 182 | 180 |
| Other creditors | 495 | 554 |
| Committed revenue grant deferred income | 824 | 1,106 |
| Accruals and deferred income | 1,007 | 894 |
| Other taxation and social security | 477 | 441 |
| Committed capital grants | 71 | - |
| | <u>3,696</u> | <u>3,986</u> |

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2007 £'000 | 2006 £'000 |
|-------------|---------------|---------------|
| Other loans | <u>6</u> | <u>6</u> |

The loans are repayable at varying rates of interest by instalments over more than 5 years and are secured by special charges on various housing properties

14 DEBT ANALYSIS

Borrowings are repayable as follows

| | 2007 £'000 | 2006 £'000 |
|----------------------------|---------------|---------------|
| Between two and five years | 1 | 1 |
| After five years | <u>5</u> | <u>5</u> |
| | <u>6</u> | <u>6</u> |

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

15 GENERAL CHARITY FUND

| | 2007 £'000 |
|-------------------------------|---------------|
| At 1 April 2006 | 108 |
| Transfer from revenue reserve | 23 |
| Transfer to revenue reserve | (28) |
| | <hr/> |
| At 31 March 2007 | 103 |

16. REVALUATION RESERVE – FIXED ASSET INVESTMENTS

| | 2007 £'000 |
|------------------|---------------|
| At 1 April 2006 | 194 |
| Movement in year | 56 |
| | <hr/> |
| At 31 March 2007 | 250 |

17 DESIGNATED RESERVES

| | Financing capital expenditure £'000 | Planned capital expenditure £'000 | Reserve for major repairs £'000 | Quality Improve- ment Fund £'000 | Total £'000 |
|-----------------------------------------|----------------------------------------------|--------------------------------------------|---------------------------------------------|----------------------------------------------|----------------|
| At 1 April 2006 | 2,071 | 398 | 1,942 | 200 | 4,611 |
| Transfer (to)/from revenue reserve | (74) | - | 117 | (21) | 22 |
| Transfer between designated reserves | 143 | (143) | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 2007 | 2,140 | 255 | 2,059 | 179 | 4,633 |

18 REVENUE RESERVE

| | £'000 |
|-------------------------------------------|-------|
| At 1 April 2006 | (852) |
| Surplus for the year | 46 |
| Transfer from charity fund | 5 |
| Transfer to designated reserves | (22) |
| Actuanaal gain relating to pension scheme | 2,561 |
| | <hr/> |
| At 31 March 2007 | 1,738 |

At 31 March 2007 the Revenue Reserve included £3,452,000 defined benefit pensions liability (2006 £5,267,000)

The Association endeavours to maintain reserves at a level, which ensures that investment income generated is sufficient to cover the cost of those activities for which no other funding is available

ST ANNE'S COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007**

19 RECONCILIATION OF MOVEMENTS IN FUNDS

| | 2007 £'000 | 2006 £'000 |
|----------------------------|-----------------------|-----------------------|
| Total recognised surpluses | 882 | 543 |
| Opening funds | 9,334 | 8,791 |
| Closing funds | <u>10,216</u> | <u>9,334</u> |

20 RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASH FLOW

| | 2007 £'000 | 2006 £'000 |
|------------------------------------------------|-----------------------|-----------------------|
| Operating (deficit)/surplus | (391) | 323 |
| Depreciation of tangible fixed assets | 364 | 377 |
| Surplus on disposal of tangible fixed assets | - | - |
| Surplus on disposal of fixed asset investments | - | (16) |
| Write down/(up) of fixed asset investments | 28 | (8) |
| Pensions operating charge | 1,987 | 905 |
| Pension contributions paid | (1,097) | (1,022) |
| Decrease/(Increase) in debtors | 1,223 | (841) |
| (Decrease)/Increase in creditors | (335) | 164 |
| | <u>1,779</u> | <u>(118)</u> |

21. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 April 2006 £'000 | Cashflow £'000 | At 31 March 2007 £'000 |
|--------------------------|--------------------------------------|---------------------------|---------------------------------------|
| Cash at bank and in hand | 4,173 | 1,654 | 5,827 |
| Loans | (6) | - | (6) |
| | <u>4,167</u> | <u>1,654</u> | <u>5,821</u> |

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2007 £'000 | 2006 £'000 |
|-----------------------------------------|-----------------------|-----------------------|
| Net funds at 1 April 2006 | 4,167 | 4,686 |
| Increase/(Decrease) in cash in the year | 1,654 | (519) |
| Cash inflow from funding | - | - |
| Net funds at 31 March 2007 | <u>5,821</u> | <u>4,167</u> |

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

23 CAPITAL COMMITMENTS

| | 2007 £'000 | 2006 £'000 |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Authorised by the Board but not contracted | <u>350</u> | - |
| Authorised by the Board and contracted | <u>113</u> | <u>26</u> |
| Of the amount of £350,000, £200,000 will be funded by Government Grant and the balance from St Anne's own resources | | |
| The amounts of £113,000 and £26,000 are being funded by Government Grant | | |

24 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2007 or 31 March 2006

25 LEASING COMMITMENTS

The payments, which the Association is committed to make in the next year under operating leases are as follows

| | 2007 | | 2006 | |
|----------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| In one year or less | 23 | 40 | 2 | 26 |
| Between one and five years | 12 | 220 | 45 | 233 |
| In five years or more | <u>5</u> | <u>-</u> | <u>5</u> | <u>-</u> |
| | <u>40</u> | <u>260</u> | <u>52</u> | <u>259</u> |

26 PENSIONS

The Association operates two pension schemes, paying pension contributions to the National Health Service Pension Scheme and the West Yorkshire Pension Fund. Both schemes are defined benefit schemes.

National Health Service Pension Scheme

NHSPS is a multi-employer defined benefit scheme. The scheme is unfunded. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers and, due to the nature of the scheme, the income and expenditure account charge for the period under both SSAP 24 and FRS 17 represents the employer contribution payable.

Employer contributions were made at the rate of 14% during the accounting period. Payments to the scheme in the period amounted to £398,000 (2006: £414,000). Members contribute at a rate of 6%.

The scheme is subject to full valuations every four years (previously every five years). The last valuation took place as at 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published every October. These accounts can be viewed on the NHS Pension Agency website at www.nhs.gov.uk.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

26 PENSIONS (continued)

West Yorkshire Pension Fund (WYPF)

The WYPF is a multi-employer scheme with more than one participating employer, which is administered by the City of Bradford Metropolitan District Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2004 and rolled forward to 31 March 2005, 31 March 2006 and 31 March 2007 by a qualified independent actuary.

The market value of the scheme's assets at 31 March 2004 was £4,563 million against scheme liabilities of £5,555 million, a deficit of £992 million. The main actuarial assumptions used in the valuation were

| | |
|--------------------------|-------------------------------------------|
| Investment returns | 1% p a above govt bonds – pre retirement |
| | 2% p a above govt bonds – post retirement |
| Salary increases | 4.55% per annum |
| Future pension increases | 2.8% |

Contributions

The employers' contributions to the WYPF by St Anne's for the year ended 31 March 2007 were £1,097,000 (2006 £1,023,000). The employers' contribution rate has been fixed as 10.4% of pensionable pay for the year ending 31 March 2008.

Assumptions

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

| | 31 March 2007 % per annum | 31 March 2006 % per annum | 31 March 2005 % per annum |
|-----------------------------------------|------------------------------|------------------------------|------------------------------|
| Rate of increase in salaries | 4.85 | 4.65 | 4.65 |
| Rate of increase in pensions in payment | 3.1 | 2.9 | 2.9 |
| Discount rate | 5.4 | 4.9 | 5.4 |
| Inflation assumption | 3.1 | 2.9 | 2.9 |

Fair value and expected return on assets

The fair value of assets in the WYPF and the expected rates of return were

| | Fair value 31 March 2007 £m | Expected return 31 March 2007 % | Fair value 31 March 2006 £m | Expected return 31 March 2006 % | Fair value 31 March 2005 £m | Expected return 31 March 2005 % |
|------------------|--------------------------------------|------------------------------------------|--------------------------------------|------------------------------------------|--------------------------------------|------------------------------------------|
| Equities | 22,586 | 7.5 | 20,170 | 7.0 | 15,429 | 7.5 |
| Bonds – Govt | 2,240 | 4.7 | 1,883 | 4.3 | 2,183 | 4.7 |
| Bonds – Other | 1,258 | 5.4 | 1,310 | 4.9 | 412 | 5.4 |
| Property & other | 4,603 | 3.1 | 3,930 | 5.1 | 2,575 | 6.4 |
| | <u>30,687</u> | | <u>27,293</u> | | <u>20,599</u> | |

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

26 PENSIONS (continued)

| | 2007 £ '000 | 2006 £ '000 | 2005 £ '000 |
|-----------------------------------------------------------|------------------------------|------------------------------|------------------------------|
| Fair value of the above assets related to the Association | 30,687 | 27,293 | 20,599 |
| Value placed on liabilities related to the Association | (34,139) | (32,560) | (25,714) |
| | <hr/> | <hr/> | <hr/> |
| Net pension liability | (3,452) | (5,267) | (5,115) |
| | <hr/> | <hr/> | <hr/> |

Analysis of the amount charged to operating surplus

| | 2007 £'000 | 2006 £'000 |
|---------------------------------------------|-----------------------------|-----------------------------|
| Current service cost | (1,987) | (1,615) |
| Past service/ curtailments/ settlement gain | - | 710 |
| | <hr/> | <hr/> |
| Total operating charge | (1,987) | (905) |
| | <hr/> | <hr/> |

Analysis of the amount charged to other finance costs

| | 2007 £'000 | 2006 £'000 |
|------------------------------------------|-----------------------------|-----------------------------|
| Expected return on pension scheme assets | 1,792 | 1,451 |
| Interest on pension scheme liabilities | (1,648) | (1,441) |
| | <hr/> | <hr/> |
| Net gain | 144 | 10 |
| | <hr/> | <hr/> |

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

| | 2007 £'000 | 2006 £'000 |
|---------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Actual return less expected return on pension scheme assets | 328 | 3,878 |
| Changes in assumptions underlying the present value of scheme liabilities | 2,233 | (3,249) |
| | <hr/> | <hr/> |
| Actuarial surplus recognised in STRSD | 2,561 | 629 |
| | <hr/> | <hr/> |

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2007

26 PENSIONS (continued)

| Movement in deficit during the year | 2007 £'000 | 2006 £'000 |
|--------------------------------------------------------------|-----------------------|-----------------------|
| Association share of scheme liabilities at beginning of year | (5,267) | (5,115) |
| Movement in year | | |
| Current service cost | (1,987) | (1,615) |
| Curtailment gain | - | 710 |
| Contributions | 1,097 | 1,022 |
| Other finance costs | 144 | 10 |
| Actuarial gain / (loss) | 2,561 | (279) |
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| Association share of scheme liabilities at end of year | (3,452) | (5,267) |
| | <hr/> | <hr/> |

History of experience gains and losses

| | 2007 | 2006 | 2005 | 2004 |
|----------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Difference between expected and actual return on share of scheme assets | | | | |
| Amount (£'000) | 328 | 3,878 | 1,076 | 2,204 |
| Percentage of share of scheme assets | 1.1% | 14.2% | 5.2% | 12.8% |
| Experience gains and losses on share of scheme liabilities. | | | | |
| Amount (£'000) | - | - | - | - |
| Percentage of present value of share of scheme liabilities | -% | -% | -% | -% |
| Total amount recognised in statement of total recognised surpluses and deficits | | | | |
| Amount (£'000) | 2,561 | (279) | 1,001 | 1,479 |
| Percentage of the present value of share of scheme liabilities | 7.5% | 0.9% | 3.9% | 6.5% |