

**BENTILEE COMMUNITY HOUSING LIMITED**

**INDEX**

**AS AT 31 MARCH 2002**

	Page
INFORMATION	1
BOARD REPORT	2 to 8
AUDITORS REPORT TO THE MEMBERS	9
INCOME AND EXPENDITURE ACCOUNT	10
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS	11
BALANCE SHEET	12
CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	15 to 26



**BENTILEE COMMUNITY HOUSING LIMITED**

**INFORMATION**

**BOARD MEMBERS:**

**COUNCILLORS:**

Cllr. J. Davis  
Cllr. J. Mayer  
Cllr. D. Povey  
Cllr. A. Walters

**INDEPENDANTS:**

Mr. K. Bamford  
Gill Brown  
Mr. J. Flock  
Mr. D. Salmon  
Mrs. M. Tomkinson

**TENANTS:**

Mr. J. Brindley  
Mrs. N. Allen  
Mrs. E. Proctor  
Mrs. J. Turner

**REGISTERED OFFICE:**

131 - 141 Ubberley Road  
Bentilee  
Stoke-on-Trent  
ST2 0EF

**AUDITORS:**

Mazars Neville Russell  
The Broadway  
Dudley  
West Midlands  
DY1 4PY

**SOLICITORS:**

Grindeys  
Glebe Court  
Stoke-on-Trent  
ST4 1ET

**BANKERS:**

Co-operative Bank  
42 Greengate Street  
Stafford  
ST16 2BU

**HOUSING CORPORATION REGISTRATION No:** L4167

**COMPANY NUMBER:** 3333405

# **BENTILEE COMMUNITY HOUSING LIMITED**

## **BOARD REPORT**

The Board Members present their report and the financial statements for the year ended 31 March 2002.

### **PRINCIPAL ACTIVITY**

The Company's principal activity is the provision of social housing and the regeneration of the Bentilee area.

### **REVIEW OF THE YEAR**

Last year we made significant progress in improving our governance and internal control arrangements, thus enabling us to become much more focussed upon the achievement of our strategic objectives. During the year we established 10 key goals for Bentilee Community Housing and these have become the basis for reviewing our performance.

#### ***Providing good quality housing***

We have now modernised some 87% of our properties, which entails the installation of new kitchen units, bathroom suite, updating/installing central heating systems, and a rewire where the existing electrical circuitry is not up to current standard. We are confident that all our modernised properties meet the decent homes standard. The remaining properties will be upgraded as and when tenants allow.

#### ***Ensuring that the rent of our housing is within the reach of lower paid people***

In order to comply with the Governments policy statement, *Quality and Choice: a decent home for all*, we have carried out detailed analysis of the rents charged. This analysis has shown that on average the current rent charged is approximately 20% below the Government's defined level of affordability for the area. The Board have recently approved a ten-year rent plan, which will bring the Company's rents in to line with the Governments target rent. This plan shows that rents will need to increase by R.P.I. plus one half of a percent plus an average of seventy-five pence per week over the period, if we are to achieve the target.

#### ***Providing a high quality housing management service***

The process of allocating properties to applicants has been streamlined to cut out some of the 'red tape' traditionally associated with this practice. This has helped us to reduce waiting times. In addition we have reviewed the staffing structure and introduced 'patch based teams' in order to enable us to deal more swiftly with tenant queries.

#### ***Maintaining our properties to a high standard***

We have undertaken reviews of our contractors and tendered many of the larger contracts between the period November 2001 and March 2002. Our selection criteria is based not only on price, but quality indicators and customer service/equal opportunities standards.

**BOARD REPORT (CONTINUED)**

**REVIEW OF THE YEAR (Continued)**

*Achieving the highest possible levels of customer satisfaction*

The results of the 2001 customer satisfaction survey included the following (based on those who expressed an opinion):

- 96.9% were satisfied with the caretaking service
- 90.7% were satisfied with the opportunity to be involved with the management of their home and the estate
- 90.5% were satisfied with the Tenancy Support service
- 91.5% were satisfied with Bentilee Community Housing in general
- 94.2% were satisfied with the accommodation

*Promoting the regeneration of Bentilee*

During the year we continued to support the Villages Initiative Regeneration by playing an active role in developing plans for neighbourhood management.

*Helping reduce social exclusion*

Our commitment to working with the community continued throughout the year. We have now started to embrace the principles of Social Capital theory and activities such as our tenancy support scheme; our video project and our Internet project have helped develop skills and capacities in the area.

*Enhancing the ability of tenants to successfully manage their tenancies and lives.*

We have a detailed discussion with everyone who applies for housing with us in which we develop our understanding of peoples' needs and assess whether they would benefit from additional support. If support is needed we assign a tenancy support worker to the new tenant and they will help people claim benefits, provide budgeting advice, help find suitable furniture and help with utility connections.

*Ensuring that the business has a long term future*

The information elsewhere in the report shows our performance in managing the Company's resources. Our operational context remains difficult and research undertaken by Birmingham University has identified key issues for the sustainability of the Bentilee area as a whole. During the year the Company adopted an Interim Strategy which is addressing these issues.

*Ensuring that we comply fully with all legal, regulatory, and ethical requirements*

During the year we reviewed many aspects of the rules and regulations which govern our activities and strengthened these. The Housing Corporation's appointees to our Board stood down in January 2002 and we were downgraded in terms of our supervision status. In the middle of the year we identified problems with our relationships with some contractors and took appropriate disciplinary action against the member of staff concerned.

*Being a model employer*

Last year saw many staff benefiting from training and development activities. We appointed a firm of consultants to help us review our conditions of employment and review job roles. Staff opinions were sought and most felt very positive about working for Bentilee Community Housing.

# **BENTILEE COMMUNITY HOUSING LIMITED**

## **BOARD REPORT (CONTINUED)**

### **REVIEW OF THE YEAR (Continued)**

#### ***Addressing issues of safety in the community***

Bentilee Community Housing continued to actively participate in the Community Safety Action Group and after receiving Home Office funding through the Burglary Reduction Initiative we completed security improvements to nearly 400 dwellings. The Neighbourhood Wardens Scheme commenced in January 2002 and has since received much acclaim from residents and other stakeholders. These initiatives helped strengthen our relations with the Police and our evaluations have shown that Bentilee is now a much safer place to live.

### **FIXED ASSETS**

In March 2002 FDP Savills re-valued all of the Company's stock. Since the Company's future income forms a large part of the valuation and that income, because of the new rent regime, is due to increase considerably more than originally anticipated, the value of the asset increased by £4 million.

### **FINANCIAL RESULTS**

The Company made a surplus for the year - before corporation tax and any transfers to and from reserves of £351,012. This is an increase on last year of more than 261 %

The Company continues to meet all of its loan covenants and to comply with any regulatory or statutory requirements.

### **BOARD MEMBERS**

The members set out below have held office during the whole of the period from 1 April 2001 to the date of this report unless otherwise stated.

#### **Independent Members**

Mr K Bamford

Gill Brown

Mr J Flock

Mr D Salmon (appointed January 2002)

Mrs M Tomkinson (appointed March 2002)

Ms P Brandum (appointed October 2000, resigned December 2001)

Mr M Summerfield (appointed October 2000, resigned December 2001)

#### **Tenant Representatives**

Mrs N Allen

Mrs E Proctor

Mrs J Turner

Mr J Brindley

Mrs D Salt (appointed January 1998, resigned February 2002)

# BENTILEE COMMUNITY HOUSING LIMITED

## BOARD REPORT (CONTINUED)

### BOARD MEMBERS (Continued)

#### Council Members

Councillor J Davis	(appointed June 2002)
Councillor J Mayer	(appointed June 2002)
Councillor D Povey	(appointed June 2002)
Councillor A Walters	(appointed June 2002)
Councillor A Knapper	(appointed June 2000, resigned June 2002)
Councillor C McClaren	(appointed September 2001, resigned June 2002)
Councillor A Shaw	(appointed June 1999, resigned June 2002)
Councillor B Tinsley	(appointed June 2000, resigned June 2002)
Councillor G Wallace	(appointed June 2000, resigned June 2002)

### GOING CONCERN

Under the governance requirements, the Board confirms that after making enquiries they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

### CORPORATE GOVERNANCE

The Board has overall responsibility for the affairs of the Company. Board members are aware of the contents of both the National Housing Federation's Code of Governance and the Cadbury Committee Report on the Financial Aspects of Corporate Governance and seek to comply with the principles, as modified to meet the specific circumstances of the Company.

Board members have a diverse range of experience and expertise. In order to ensure the efficient operation of the business, and address the new internal control regime, the Board are looking to put in place a number of committees and in March approved the principles of a new structure of internal control and governance. However at the present time the Audit and Remuneration Committee are still in place and are governed by the following Terms of Reference: -

#### *Membership*

- *The committee shall consist of four board members plus the Chair of the Board. There must be at least one member from each of the three sections.*
- A quorum shall be the Chair of the Board plus two other members of the committee.

#### *Frequency of meetings*

- Meetings shall be held not less than twice a year.
- The internal auditors shall attend all meetings where internal audit reports are discussed.

**BOARD REPORT (CONTINUED)**

**CORPORATE GOVERNANCE (Continued)**

***Duties***

The duties of the Audit and Remuneration Committee shall be to:

- Appoint the internal auditors
- Review the internal audit programme.
- Consider the findings of the internal auditors and the management's response.
- To produce on an annual basis a report to the Board on the adequacy and effectiveness of the Company's internal control systems and a review of the internal auditors report.
- To approve procedures for the appointment of the Chief Executive and the Directors.
- To approve delegation of authority for appointments below Director level.
- To implement, monitor, review and approve the Company's key policies relating to staff which include but are not limited to the following:
  - Terms and conditions of employment
  - Staffing structure
  - Salaries, bonus payments and pension arrangements
  - Recruitment and promotion, conduct, discipline and termination
- To act in relation to disciplinary and grievance proceedings in accordance with the provision of the Terms and Conditions of Service.
- That it follows the guidelines as set down by both the Housing Corporation and the National Housing Federation on issues of governance and remuneration.

***Authority***

- The committee is authorised by the Board to investigate any activity within its terms of reference.
- The committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, provided that any costs are budgeted for and the Board are kept informed at all times.
- That the internal auditors have direct access to the Audit and Remuneration Committee.
- In the case of disputes, the Board's decisions must override those of the committee, but the Chair of the committee has the right to report any such decision to the internal auditors, after discussion at the Board about this proposed course of action.

***Reporting Procedures***

- Minutes from all committee meetings shall be circulated to all members of the Board.

## **BENTILEE COMMUNITY HOUSING LIMITED**

### **BOARD REPORT (CONTINUED)**

#### **INTERNAL FINANCIAL CONTROL**

The Board acknowledges its ultimate responsibility for ensuring that Bentilee Community Housing has a sound system of Internal control and risk management. The company's systems of internal control and risk management are continuously reviewed and updated. In March 2002 the Board acknowledged the implications of the Turnbull Report and The Housing Corporation Circular R2 - 25/01 and agreed to establish a new framework of internal control before December 2002.

The purposes of these systems include;

- Safeguarding the company's investments and assets
- Ensuring that information is properly recorded and that resources are properly accounted for.
- That the risks surrounding our operations are identified and managed.
- That the Board and shareholders are regularly apprised of the Company's performance.

The Board acknowledges that these systems of Internal Control and risk management provide reasonable assurance against mis-statements and loss.

Key features of our Internal Control and Risk Management Framework include:

- Formal policies and procedures govern all key areas of our operations (e.g. financial control, housing management, human resource management).
- Key systems, procedures and practices are documented.
- The Company has set clear strategic objectives which have been translated into operational targets and performance standards.
- The company appoints staff on the basis of merit and ensures that their performance is regularly appraised and monitored.
- The Board receives regular reports which enable it to measure progress.
- All significant initiatives, commitments and projects are subject to formal authorisation and appraisal.
- The risk environment of the company is regularly reviewed and reported to the Board.
- Internal and external auditors check key aspects of operations on an agreed basis.

The overall Internal Control environment was thoroughly reviewed by Independent auditors in the 2001/02 year and no major weaknesses were identified, although some areas of the control environment were strengthened.

The Company was under the supervision of the Housing Corporation during the 2001/02 year and made significant progress in addressing its concerns about governance, compliance with legal and regulatory requirements and relationships with contractors. These issues were substantively resolved in the year.



# **BENTILEE COMMUNITY HOUSING LIMITED**

## **BOARD REPORT (CONTINUED)**

### **BOARD MEMBERS RESPONSIBILITIES**

Registered Social Landlord legislation requires the Board to prepare financial statements for each financial year, which give a true and fair view of the state of the Company as at the end of the financial year and of the income and expenditure of the Company for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed, to the best of the Board's knowledge and belief, by reference to reasonable and prudent judgements and estimates and applied consistently. Applicable accounting standards have been followed. The Board is also required to indicate where the financial statements are prepared other than on the basis that the Company is a going concern.

The Board is responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Company's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Company's books of account and transactions. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Approved by the Board on 14 August 2002  
and signed on its behalf by:**

A handwritten signature in black ink, appearing to be 'C. C. H.', written over a horizontal line.

**Secretary**

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENTILEE COMMUNITY HOUSING LIMITED**

We have audited the financial statements of Bentilee Community Housing Limited for the year ended 31 March 2002 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

## **Respective responsibilities of The Board and auditors**

As described in the Statement of Board Members' Responsibilities the Board is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, Part III of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2000. We also report to you if, in our opinion, the Board Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, if a satisfactory system of control over books of account and transactions has not been maintained or if information specified by law regarding Board members' transactions with the company are not disclosed.

We read the Board Report and consider the implications for our report if we become aware of any apparent misstatement within it.

We review whether the statement on internal financial control reflects the company's compliance with the Housing Corporation Circular R2-18/96 "Internal financial controls and financial reporting" ("The Circular") and we report whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the company's system of internal financial control.

## **Basis of audit opinion**

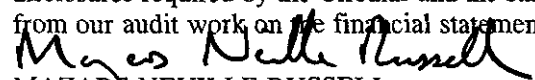
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's system of internal financial control.

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

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2002 and of its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985, Part III of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2000.

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



**MAZARS NEVILLE RUSSELL**  
**CHARTERED ACCOUNTANTS**  
and Registered Auditors  
The Broadway  
Dudley  
West Midlands  
DY1 4PY

14 August 2002

**BENTILEE COMMUNITY HOUSING LIMITED****INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002 £	2001 £
TURNOVER	2	1,726,026	1,627,998
Operating costs	2	( 1,383,655)	( 1,543,893)
OPERATING SURPLUS	2	342,371	84,105
Surplus on sale of housing properties	4	5,868	-
Interest receivable and similar income		44,911	54,732
Interest payable and similar charges	5	( 42,138)	( 41,630)
SURPLUS FOR THE YEAR BEFORE TAX	7	351,012	97,207
Taxation on surplus for the year	6	( 123,031)	( 76,250)
SURPLUS FOR THE YEAR AFTER TAX AND BEFORE TRANSFERS		227,981	20,957
TRANSFER FROM/(TO) RESERVES			
Restricted reserve	18	29,864	412,586
Designated reserve	18	( 30,721)	( 31,075)
Revaluation reserve	18	52,202	17,978
SURPLUS FOR THE YEAR AFTER TRANSFERS	18	279,326	420,446
SURPLUS/(DEFICIT) BROUGHT FORWARD	18	85,725	( 334,721)
SURPLUS CARRIED FORWARD	18	365,051	85,725

The Company's turnover and expenses all relate to continuing operations.

**BENTILEE COMMUNITY HOUSING LIMITED****STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 MARCH 2002**

	Note	2002 £	2001 £
Surplus for the financial year before transfers to reserves		227,981	20,957
Unrealised surplus on revaluation of properties	18	<u>3,974,106</u>	<u>-</u>
<b>Total recognised surpluses and deficits relating to the year</b>		<u><u>4,202,087</u></u>	<u><u>20,957</u></u>

**NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 MARCH 2002**

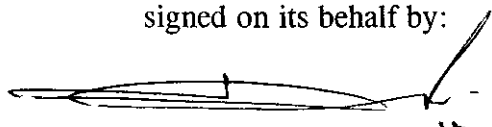
		2002 £	2001 £
Reported surplus on ordinary activities before taxation		227,981	20,957
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	18	<u>52,202</u>	<u>17,978</u>
<b>Historical cost surplus and deficit on ordinary activities before taxation</b>		<u><u>280,183</u></u>	<u><u>38,935</u></u>

# BENTILEE COMMUNITY HOUSING LIMITED

## BALANCE SHEET AT 31 MARCH 2002

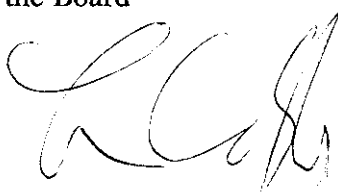
	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible assets:			
Housing properties - Valuation/cost	10	6,809,285	2,820,789
- Social Housing Grant	10	( 125,435)	( 125,435)
- Depreciation	10	( 80,573)	( 23,211)
		<u>6,603,277</u>	<u>2,672,143</u>
Other fixed assets	11	75,410	83,743
		<u>6,678,687</u>	<u>2,755,886</u>
<b>CURRENT ASSETS</b>			
Investments	12	833,843	550,389
Debtors	13	156,853	139,459
Stocks	14	7,800	12,000
Cash at bank and in hand		468,801	504,042
		<u>1,467,297</u>	<u>1,205,890</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	( 418,532)	( 405,690)
NET CURRENT ASSETS		<u>1,048,765</u>	<u>800,200</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,727,452</u>	<u>3,556,086</u>
ACCRUALS AND DEFERRED INCOME	16	( 10,644)	( 41,365)
NET ASSETS		<u>7,716,808</u>	<u>3,514,721</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	500,000	500,000
<b>CAPITAL AND RESERVES</b>			
Restricted reserve	18	700,475	730,339
Designated reserve	18	125,365	94,644
Revaluation reserve	18	6,025,917	2,104,013
Income and expenditure account	18	365,051	85,725
		<u>7,716,808</u>	<u>3,514,721</u>

The financial statements on pages 10 to 26 were approved by the Board on 14 August 2002 and were signed on its behalf by:



- Member of the Board

- Secretary



**BENTILEE COMMUNITY HOUSING LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2002**

	Note	£	2002 £	£	2001 £
<b>Net cash inflow from operating activities</b>	19		367,702		34,967
<b>Returns on investments and servicing of finance</b>					
Interest received		44,911		54,732	
Interest paid	5	( 42,138)		( 41,630)	
			2,773		13,102
Taxation paid			( 80,281)		( - )
<b>Capital expenditure and financial investment</b>					
Acquisition and construction of housing properties	10	( 40,883)		( 470,789)	
Sales of housing properties	4	6,261		-	
Purchase of other fixed assets	11	( 7,942)		( 17,935)	
Sales of other fixed assets		583		2,076	
Social housing grants received	10	-		125,435	
			( 41,981)		( 361,213)
<b>Net cash inflow/(outflow) before financing</b>			248,213		( 313,144)
<b>Financing</b>					
Long term loan	17		-		-
<b>Increase/(decrease) in cash</b>	21		<u>248,213</u>		<u>( 313,144)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards and in accordance with the Companies Act 1985, the Accounting requirements for Registered Social Landlords Determination 2000 and comply with the Statement of Recommended Practice "Accounting by Registered Social Landlords", issued in 1999 by the National Housing Federation.

**(a) Accounting convention**

The financial statements are prepared under the historical cost convention, as modified to include the valuation of housing properties.

**(b) Turnover**

Turnover represents rents and revenue grants receivable in respect of tenants properties and amounts invoiced in respect of the provision of services. It also includes grants re-imbursing specific expenditure on regeneration projects.

**(c) Depreciation**

Freehold land is not depreciated.

Housing properties

In line with the requirements of the 1999 SORP, housing properties are depreciated to write off the revalued amount less the residual value on a systematic basis over 100 years. Additions during the year are stated at historic cost.

Other fixed assets

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their estimated useful lives.

No depreciation has been charged on office buildings as any amounts would be immaterial.

An impairment review has taken place on all of the Company's properties and it is felt that the properties are not impaired.

**(d) Stocks**

Stocks are stated at the lower of cost and net realisable value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

**1 ACCOUNTING POLICIES (Continued)**

**(e) Improvements to housing properties**

Expenditure on existing housing properties is capitalised to the extent that it improves the economic benefit of the asset either through an increase in rental income, a reduction in maintenance costs or through an extension of life of the property.

**(f) Capitalisation of administration costs**

No administration costs are capitalised.

**(g) Government grants**

Government grants received for capital expenditure are treated as deferred creditors and released to the Income and Expenditure account over the estimated useful life of the relevant fixed assets.

**(h) Restricted reserve - major repairs (Note 18)**

This reserve represents the Company's obligation under the transfer agreement to spend certain sums of money on modernising the properties.

**(i) Designated reserve - fixed asset replacement (Note 18)**

These amounts have been designated by the Board to fund future fixed asset replacements.

**(j) Revaluation reserve (Note 18)**

This has arisen due to the revaluation of properties as set out in note 10 of the financial statements.

**(k) Investments**

Investments held as current assets are stated at the lower of cost and net realisable value.

**(l) Pension costs**

Contributions payable to the Company's pension scheme are charged to the Income and Expenditure account as they become payable in accordance with the rules of the scheme.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002

2 TURNOVER AND OPERATING SURPLUS/(DEFICIT)

	2002			2001		
	Turnover £	Operating costs £	Surplus/ (deficit) £	Turnover £	Operating costs £	Surplus £
Income and expenditure from lettings						
Housing accommodation	1,621,401	(1,265,324)	356,077	1,568,985	(1,505,435)	63,550
Other income and expenditure						
Regeneration projects	104,625	( 118,331)	( 13,706)	59,013	( 38,458)	20,555
Total	1,726,026	1,383,655	342,371	1,627,998	(1,543,893)	84,105

**BENTILEE COMMUNITY HOUSING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002****3 INCOME AND EXPENDITURE FROM HOUSING ACTIVITIES**

(All social housing accommodation)	2002 £	2001 £
<b>Income from lettings</b>		
Rent receivable	1,605,413	1,512,262
Service charges receivable	96,246	90,457
	<u>1,701,659</u>	<u>1,602,719</u>
Less: Rent losses from voids	( 97,267)	( 56,591)
<b>Net rents receivable</b>	<u>1,604,392</u>	<u>1,546,128</u>
Revenue grants	16,875	22,631
Other income	134	226
	<u>1,621,401</u>	<u>1,568,985</u>
<b>Expenditure on letting activities</b>		
Services	119,448	70,130
Management	647,675	584,687
Routine maintenance	281,609	298,430
Planned maintenance	16,921	266,000
Rent losses from bad debts	53,567	40,497
Major repairs programme	88,742	225,236
Property depreciation	57,362	20,455
	<u>1,265,324</u>	<u>1,505,435</u>
<b>Operating surplus on letting activities</b>	<u>356,077</u>	<u>63,550</u>

**BENTILEE COMMUNITY HOUSING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

	2002 £	2001 £
<b>4 SALES OF HOUSING PROPERTIES</b>		
Sales proceeds	6,261	-
Cost of sale	( 393)	( - )
	<u>5,868</u>	<u>-</u>
Surplus on disposal		
	<u>5,868</u>	<u>-</u>
<b>5 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Bank interest	<u>42,138</u>	<u>41,630</u>
<b>6 TAXATION</b>		
Corporation tax based on surplus for the year	119,000	76,250
Underpaid in respect of prior year	<u>4,031</u>	<u>-</u>
	<u>123,031</u>	<u>76,250</u>
<b>7 SURPLUS ON ORDINARY ACTIVITIES</b>		
Surplus on ordinary activities is stated after charging:		
Staff costs (note 8)	525,466	511,718
Depreciation of housing properties	57,362	20,456
Depreciation of other tangible owned fixed assets	41,613	39,617
Loss/(profit) on disposal of other tangible owned fixed assets	179	( 122)
Auditors' remuneration (inclusive of VAT):		
In their capacity as auditors	7,000	5,600
In respect of other services	<u>1,000</u>	<u>705</u>

# BENTILEE COMMUNITY HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

	2002 £	2001 £
<b>8 STAFF COSTS</b>		
Staff costs including directors:		
Wages and salaries	462,848	447,250
Social security costs	32,823	33,733
Other pension costs	29,795	30,735
	<u>525,466</u>	<u>511,718</u>
Average number of persons expressed as full time equivalents(including the Chief Executive) employed during the year:	Number	Number
Management	4	3
Administration	18	18
Caretaking	5	5
	<u>27</u>	<u>26</u>
Total employees	<u>27</u>	<u>26</u>
The average number of employees was	<u>27</u>	<u>26</u>

## **9 DIRECTORS' EMOLUMENTS**

	£	£
The remuneration paid to the senior management team including the Chief Executive was:		
Emoluments (including pension contributions)	<u>129,210</u>	<u>136,395</u>
The emoluments of directors disclosed above (excluding pension contributions) include amounts paid to:		
The highest paid director	<u>59,700</u>	<u>50,792</u>

Not included in the above figure is a bonus due to the senior management team in respect of the year to 31 March 2001. This bonus has not been paid or approved by the Board. The maximum amount payable would be £4,132.

None of the members of the Board received any emoluments.

# BENTILEE COMMUNITY HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 10 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Completed housing properties at valuation £	Completed housing properties at cost £	Properties in the course of construction £	Total £
<b>COST</b>				
At 1 April 2001	2,415,999	236,169	168,621	2,820,789
Surplus on revaluation (note 18)	3,954,546	-	-	3,954,546
Additions - cost	36,388	4,495	-	40,883
Disposals - valuation	( 6,933)	-	-	( 6,933)
Schemes completed in year	-	168,621	( 168,621)	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2002	<u>6,400,000</u>	<u>409,285</u>	<u>-</u>	<u>6,809,285</u>
<b>SOCIAL HOUSING AND OTHER GRANTS</b>				
As at 1 April 2001 & 31 March 2002	<u>-</u>	<u>125,435</u>	<u>-</u>	<u>125,435</u>
<b>DEPRECIATION</b>				
At 1 April 2001	23,211	-	-	23,211
Charge for the year	54,949	2,413	-	57,362
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2002	<u>78,160</u>	<u>2,413</u>	<u>-</u>	<u>80,573</u>
<b>NET BOOK VALUE</b>				
At 31 March 2001	<u>2,392,788</u>	<u>110,734</u>	<u>168,621</u>	<u>2,672,143</u>
At 31 March 2002	<u>6,321,840</u>	<u>281,437</u>	<u>-</u>	<u>6,603,277</u>

A valuation of properties was carried out in March 2002 by FPD Savills, International Property Consultants, 145 Kensington Church Street, London, W8 7LP.

Using the Open Market Value (OMV) method of valuation the properties are currently valued at £6,900,000. The valuation for accounts purposes however, has not been prepared in accordance with this definition but has been prepared on the basis that current rents increase of over the next 10 years in order to achieve target rents. This has resulted in the accounts valuation increasing to £6,400,000.

The valuation has been prepared using the discounted cashflow methodology. The real discount rate used was 7.25%.

# BENTILEE COMMUNITY HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 11 TANGIBLE FIXED ASSETS - OTHER

	Freehold offices £	Office fixtures & fittings £	Motor vehicles £	Tools & equipment £	Total £
COST					
At 1 April 2001	15,500	149,285	17,260	7,667	189,712
Additions	-	6,450	-	1,492	7,942
Surplus on revaluation	26,100	-	-	-	26,100
Disposals	( - )	( - )	( - )	( 1,700)	( 1,700)
	<u>41,600</u>	<u>155,735</u>	<u>17,260</u>	<u>7,459</u>	<u>222,054</u>
At 31 March 2002	<u>41,600</u>	<u>155,735</u>	<u>17,260</u>	<u>7,459</u>	<u>222,054</u>
DEPRECIATION					
At 1 April 2001	-	95,908	5,718	4,343	105,969
Charge for the year	-	35,920	3,452	2,241	41,613
Eliminated on disposals	( - )	( - )	( - )	( 938)	( 938)
	<u>-</u>	<u>131,828</u>	<u>9,170</u>	<u>5,646</u>	<u>146,644</u>
At 31 March 2002	<u>-</u>	<u>131,828</u>	<u>9,170</u>	<u>5,646</u>	<u>146,644</u>
NET BOOK VALUE					
At 31 March 2001	<u>15,500</u>	<u>53,377</u>	<u>11,542</u>	<u>3,324</u>	<u>83,743</u>
At 31 March 2002	<u>41,600</u>	<u>23,907</u>	<u>8,090</u>	<u>1,813</u>	<u>75,410</u>
Depreciation rates	nil	10% & 25%	20%	50%	

**BENTILEE COMMUNITY HOUSING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002**

	2002 £	2001 £
<b>12 INVESTMENTS</b>		
Building society deposits	<u>833,843</u>	<u>550,389</u>
<b>13 DEBTORS</b>		
Amounts falling due within one year:		
Gross rent arrears	125,724	101,348
Less: provision for bad debts	<u>( 60,166)</u>	<u>( 54,913)</u>
Net rent arrears	65,558	46,435
Prepayments and accrued income	<u>91,295</u>	<u>93,024</u>
	<u>156,853</u>	<u>139,459</u>
<b>14 STOCKS</b>		
Caretakers stock	<u>7,800</u>	<u>12,000</u>
<b>15 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>		
Trade creditors	100,521	25,529
Corporation tax	119,000	76,250
Other taxation and social security costs	2,038	2,842
Rent prepaid	46,015	32,204
Accruals and deferred income	<u>150,958</u>	<u>268,865</u>
	<u>418,532</u>	<u>405,690</u>

The average time taken to pay creditors is 28 days (2001 20 days).

# BENTILEE COMMUNITY HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

	2002 £	2001 £
<b>16 DEFERRED INCOME - GOVERNMENT GRANTS</b>		
At 1 April 2001	41,365	72,440
Released to income and expenditure (note 18)	( 30,721)	( 31,075)
	<u>10,644</u>	<u>41,365</u>
At 31 March 2002	<u>10,644</u>	<u>41,365</u>

## **17 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)**

Bank loan	<u>500,000</u>	<u>500,000</u>
-----------	----------------	----------------

The Bank loan is secured by specific charges on the Company's housing properties and a fixed charge over the entire undertaking and is repayable at a fixed rate of 6.24% plus a margin of 0.7% as follows:

Amounts repayable by instalments:

Wholly repayable after five years	<u>500,000</u>	<u>500,000</u>
-----------------------------------	----------------	----------------

## **18 RESERVES**

	Restricted major repairs £	Designated fixed asset replacement £	Property revaluation £	Income & expenditure account £
At 1 April 2001	730,339	94,644	2,104,013	85,725
Transfer (to)/from income and expenditure	( 29,864)	30,721	( 52,202)	-
Surplus for year	-	-	-	279,326
Surplus on revaluation	-	-	3,974,106	-
	<u>700,475</u>	<u>125,365</u>	<u>6,025,917</u>	<u>365,051</u>
At 31 March 2002	<u>700,475</u>	<u>125,365</u>	<u>6,025,917</u>	<u>365,051</u>



# BENTILEE COMMUNITY HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

FOR THE YEAR ENDED 31 MARCH 2002

	2002 £	2001 £	
<b>19 RECONCILIATION OF OPERATING SURPLUS TO CASH INFLOW FROM OPERATING ACTIVITIES</b>			
Operating surplus/(deficit) for the year	342,371	84,105	
Depreciation charges	98,975	60,073	
Loss/(profit) on disposal of fixed assets	179	( 122)	
Release of government grant	( 30,721)	( 31,075)	
Movement in bad debt provision	5,253	17,756	
Movement in debtors	( 22,647)	( 58,647)	
Movement in creditors	( 29,908)	( 35,407)	
Movement in stock	4,200	( 1,716)	
	<u>367,702</u>	<u>34,967</u>	
Cash inflow from operating activities			
	<u>367,702</u>	<u>34,967</u>	
<b>20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
Increase/(decrease) in cash	248,213	( 313,145)	
Cash inflow from increase in debt and lease financing	-	-	
	<u>248,213</u>	<u>( 313,145)</u>	
Change in net funds resulting from cash flows	248,213	( 313,145)	
<b>Movement in net funds in the year</b>			
Net funds at 1 April 2001	554,431	867,576	
	<u>554,431</u>	<u>867,576</u>	
Net funds at 31 March 2002	802,644	554,431	
	<u>802,644</u>	<u>554,431</u>	
<b>21 ANALYSIS OF CHANGES IN NET FUNDS</b>			
	At 1 April 2001 £	Cash flows £	At 31 March 2002 £
Cash at bank and in hand	504,042	( 35,241)	468,801
Investments	550,389	283,454	833,843
Long term loans	( 500,000)	-	( 500,000)
	<u>554,431</u>	<u>248,213</u>	<u>802,644</u>

# BENTILEE COMMUNITY HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

### 22 PENSION OBLIGATIONS

Bentilee Community Housing Limited (BCH) participates in the Social Housing Scheme (SHPS). SHPS is multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The last formal valuation of the Scheme was performed at 30 September 1999 by a professionally qualified actuary using the 'projected unit credit' method. The market value of the Scheme's assets at the last valuation date was £595 million.

BCH paid contributions at the rate of 10.6% during the accounting period. Member contributions vary between 1.6% and 5.0% depending on their age and the date of joining the Scheme.

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

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

#### Financial assumptions

The financial assumptions underlying the valuation were as follows:

	% pa
- Rate of return on future contributions	6.6
- Rate of return on accumulated assets	5.4
- Rate of salary increases	4.5
- Rate of pension increases	2.5
- Rate of price inflation	2.5

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

The valuation revealed a shortfall of assets compared with the value of liabilities of some £19 million (equivalent to a past service funding level of 97%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, was 9.3% of pensionable salaries.

In view of the past service shortfall most employers (including BCH) are required to contribute at the standard rate of 10.6% of pensionable salaries in order to bring the value of assets and liabilities into balance. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate) of 15.0%. Employers that have closed the Scheme to new members are required to contribute at the rate of 12.6% to reflect the higher costs of a closed arrangement. A small number of employers are required to contribute at a different rate to the standard 10.6% to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

The next valuation will be as at 30 September 2002 and the results will be available after June 2003.

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. The Company makes no contribution, if any, to the individual pension arrangements of the Chief Executive.

# BENTILEE COMMUNITY HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

23	CAPITAL COMMITMENTS	2002 £	2001 £
	Capital expenditure contracted for but not provided for in the financial statements	<u>72,295</u>	<u>5,202</u>
	Capital expenditure authorised but not yet contracted for in the financial statements	<u>-</u>	<u>184,000</u>

## 24 OTHER FINANCIAL COMMITMENTS

At 31 March 2002 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2003.

	2002		2001	
Operating leases which expire:	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	-	-	-
Within 2 to 5 years	-	6,318	-	-
After 5 years	-	-	-	-
	<u>-</u>	<u>6,318</u>	<u>-</u>	<u>-</u>

25	HOUSING STOCK	Number of units in management	
	All social housing units	2002 Number	2001 Number
	Housing for letting - Rehabilitation	<u>933</u>	<u>929</u>
	Leaseholders	<u>19</u>	<u>19</u>
	Units in development	<u>-</u>	<u>4</u>

## 26 RELATED PARTIES

Four of the current Board members are also tenants, where tenancies were transferred to Bentilee Community Housing Limited from Stoke on Trent City Council on 31 March 1998, when the stock was initially transferred. The tenancies are on a normal commercial basis and no special terms apply.