

**ANNUAL GENERAL MEETING  
28 OCTOBER 2010**

# ITEM 5

## APPOINTMENT OF EXTERNAL AUDITORS 2010/11

Report of the Director and Company Secretary

### SUMMARY OF REPORT

1. The Board of Derby Homes is required to appoint external auditors annually and fix their remuneration.

### RECOMMENDATION

- 2.1 The Board appoints PKF LLP as external auditors for the year 2010/11.

- 2.2 The Board authorises payment of the following fees:

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Original Business		
Annual Audit		14,450
Corporation Tax		<u>900</u>
Sub-total	(3% inflation increase)	15,350
Additional Business		
Annual Audit		4,000
Corporation Tax		875
Financial Systems Review (one-off for 2010/11)		<u>5,500</u>
Sub-total		10,375
<b>TOTAL 2010/11</b>		<b>25,725</b>

### MATTER FOR CONSIDERATION

- 3.1 The service was market tested for the financial year 2009/10. At the Board meeting on 28 January 2010, the Board approved the appointment of PKF LLP and reappointment for the financial years 2010/11 and 2011/12 subject to notification of affordable fees.
- 3.2 Proposed charges for 2010/11 have increased as indicated in paragraph 2.2 and as a consequence of the growth of the business from £15m turnover in 2009/10 to a forecast turnover of £28m in 2010/11.

- 3.3 In addition there is a one-off piece of work on the financial systems connected to the Repairs Team which PKF LLP deem necessary to enable the accounts to be signed for the extended business.
- 3.4 PKF LLP has indicated that the ongoing external audit fee for 2011 and beyond should be approximately £19,000 per annum.
- 3.5 The service will be market tested again for the financial year 2012/13 and subject to the continuation of Derby Homes Limited.

## **FINANCIAL AND BUSINESS PLAN IMPLICATIONS**

4. Provision for the cost of audit has been built into the 2010/11 operating budget and will be included for future years.

## **LEGAL AND CONFIDENTIALITY IMPLICATIONS**

- 5.1 The Board of Derby Homes is required to appoint an external auditor under the provisions of the Companies Act 1985.
- 5.2 Under the scheme of delegation for Derby Homes, Part A Matters Reserved to the Board, Clause 2.1 (k) specifies the appointing of external auditors.

## **The areas listed below have no implications directly arising from this report**

- Consultation
- Personnel
- Environmental
- Equalities Impact Assessment
- Health & Safety
- Risk
- Policy Review

**If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, [phil.davies@derbyhomes.org](mailto:phil.davies@derbyhomes.org) - Tel 01332 711010**

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**Background Information:** None

**Supporting Information:** None