



Registered No 4380984

DERBY HOMES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR PERIOD 25 FEBRUARY 2002 TO 31 MARCH 2003**

DERBY HOMES LIMITED

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DERBY HOMES LIMITED

Directors and advisers for the period ended 31 March 2003

Directors

D J Rees (Chair)	(appointed 28.02.02)
J P Bayliss	(appointed 25.02.02)
J Bradley	(appointed 28.02.02)
S Gupta	(appointed 22.05.02)
S Hyde	(appointed 30.10.02)
N Murphy	(appointed 30.10.02)
M Latham	(appointed 28.02.02)
A G S Osler	(appointed 28.02.02)
A A Shabir	(appointed 28.02.02)
I M MacDonald	(appointed 28.02.02)
P Hickson	(appointed 25.02.02 : resigned 29.05.03)
M C Burgess	(appointed 25.02.02 : resigned 30.07.03)
K P Hill	(appointed 25.02.02 : resigned 22.05.02)
A Nath	(appointed 25.02.02 : resigned 22.05.02)
T T Harris	(appointed 28.02.02 : resigned 30.10.02)
B G Harry	(appointed 28.02.02 : resigned 30.10.02)
T E Maddocks	(appointed 28.02.02 : resigned 30.10.02)
J J Hayball	(appointed 18.04.02 : resigned 01.09.03)
A Graves	(appointed 22.05.02 : resigned 29.05.03)
A Marples	(appointed 30.10.02 : resigned 21.04.03)

Secretary

J Bloxsom (appointed 25.02.02 : resigned 01.12.02)
L C Watson (appointed 02.12.02)

Registered Office

Floor 2
South Point
Cardinal Square
10 Nottingham Road
Derby
DE1 3QT

Directors and advisers for the period ended 31 March 2003 (Continued)

Auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Solicitors

Anthony Collins
St Philip's Gate
5 Waterloo Street
Birmingham
B2 5PG

Bankers

The Co-operative Bank
31 East Street
Derby
DE1 2DL

DERBY HOMES LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 25 FEBRUARY 2002 TO 31 MARCH 2003

The Board of Directors present their report and the audited financial statements for the period 25 February 2002 to 31 March 2003.

Principal activity

The principal activity of the Company is to act as the managing agent of the stock of houses owned by Derby City Council.

Review of business and future developments

The profit and loss account for the period is set out on page 8. The level of business and year end position produced a small profit.

From April 2003 the organisation began providing services commissioned by Derby City Council through Supporting People funding. This means services provided to vulnerable people living in warden schemes, are no longer funded from Derby City Council's Housing Revenue Account and consequently the management fee will reduce for 2003/4 and be replaced by Supporting People income. New services provided by the Tenancy Support Team were also introduced.

Employees

Job applications received from people with disabilities are always fully considered. Selection is based on their skills and experience matched against a person specification. Reasonable adjustments will be considered in accordance with the Disability Discrimination Act 1995.

Support is given to existing employees with disabilities in accordance with the Disability Discrimination Act 1995. Every effort is made to ensure that their ongoing employment is supported and any reasonable adjustments are considered and provided. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or the recognised trade union has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through internal newsletters and employee conferences, briefing groups and electronic communications.

Directors' interests

No director was a member of the company at 25 February 2002 or on 31 March 2003.

Taxation status

The company is a local authority controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of Derby City Council.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each year or period, that give a true and fair view of the state of affairs of the company as at the end of the financial year and its profit and loss for that year or period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 March 2003. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to appoint the auditors will be proposed at the annual general meeting following a competitive tendering exercise.

By order of the Board

D J Rees
Chair

L C Watson
Secretary

DERBY HOMES LIMITED

Auditors' report to the members of Derby Homes Limited

We have audited the financial statements on pages 8 to 11, which have been prepared under the historical cost convention and the accounting policies set out on pages 12 - 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on pages 4 and 5 this includes responsibility for preparing the financial statements in accordance with applicable Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's directors. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. We also report to you if, in our opinion, the directors' 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, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 of the state of the company's affairs at 31 March 2003 and its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham

Date _____

DERBY HOMES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 25 FEBRUARY 2002 TO 31 MARCH 2003**

	Notes	2003 £'000
Turnover – continuing operation	2	11,171
Operating Cost – continuing operation	3	<u>11,155</u>
Operating Profit – continuing operation		16
Interest receivable and similar income		-
Interest payable and similar charges		<u>10</u>
(Loss)/Profit on ordinary activities before taxation	7	<u>6</u>
Tax on profit on ordinary activities	8	<u>-</u>
Retained (loss)/profit for the period		<u>6</u>

The company has no recognised gains and losses other than the profits/(losses) above and therefore no separate statement of total gains and losses has been presented.

DERBY HOMES LIMITED**BALANCE SHEET AS AT 31 MARCH 2003**

	Notes	2003 £'000
Fixed Assets	9	<u>77</u>
Current Assets		
Debtors falling due after 1 year	10	29
Debtors falling due within 1 year		
- Derby City Council		1,030
- Other	10	736
		1,766
Cash in Hand		<u>4</u>
		1,799
Creditors – amounts falling due within 1 year		
- Derby City Council		(653)
- Derby City Council – notional cash account		(631)
- Others	11	(586)
		<u>(1,870)</u>
Net Current (Liabilities)/Assets		(71)
Creditors – amounts falling due after 1 year		<u>-</u>
Net (Liabilities)/Assets		<u>6</u>
Profit and loss account	12	<u>6</u>
Equity Member's fund	13	<u>6</u>

The financial statements on pages 8 to 11 were approved by the Board of directors on 28 August 2003 and were signed on its behalf by: -

D J Rees
Chair of the Board and Director
DERBY HOMES LIMITED

L C Watson
Secretary

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2003**

	Notes	2003 £'000	2003 £'000
Net cash (outflow)/inflow from operating activities	15		(480)
Returns on investment and servicing of finance			
Interest paid		(10)	
			(10)
Taxation			
Capital expenditure and financial investment			
Purchase of tangible fixed assets	9	(137)	
Net cash outflow for capital expenditure and financial investment			(137)
(Decrease)/increase in net cash			(627)

The balance is derived from Derby City Council's accounting system. It represents charges to and from the parent organisation. The notional cash balance shown is at 31 March 2003. Interest has been charged and reflected in these accounts.

DERBY HOMES LIMITED**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Notes	2003 £'000	2003 £'000
Net cash inflow/(outflow) from operating activities	15		(480)
Returns on investments and servicing of finance			
Interest received		-	
Interest paid		(10)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			(10)
Taxation			
Capital expenditure and financial investment			
Purchase of tangible fixed assets	9	(137)	
Net cash inflow/(outflow) from capital expenditure and financial investment			(137)
Net cash inflow/(outflow) before use of liquid resources and financing			(627)
Increase borrowings			(627)
Reconcilliation to net (debt)/cash			
Net cash at 25 February 2002			-
(Decrease)/increase in net cash			(627)
Net (debt)/cash at 31 March 2003	16		(627)

DERBY HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 25 FEBRUARY 2002 TO 31 MARCH 2003

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently is set out below.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

Turnover

Turnover, which excludes Value Added Tax (VAT) and represents in the main the invoice value of goods and services provided during the financial period covered by these accounts. All turnover arises in the United Kingdom.

Tangible Fixed Assets and Depreciation

Fixed assets are included in the Balance Sheet at historical cost, less depreciation where appropriate.

Depreciation is provided on all assets above the de-minimus value using the straight line method over the remaining life of the asset. The treatment of fixed assets and depreciation charges are:

Plant and Machinery

No de-minimus applies. Assets will be depreciated over 4 years.

Office Equipment

A de-minimus value of £5,000 applies to individual items. Assets will be depreciated over 4 years.

IT Equipment

No de-minimus applies. Assets will be depreciated over 2 years.

IT Systems Development

No de-minimus applies. Assets will be depreciated over the proposed life of the system up to a maximum of 5 years.

Stocks and Work in Progress (WIP)

Stock is shown as the lower of net realisable value or cost.

Taxation including Deferred Tax

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences in accordance with FRS19 Deferred Tax Assets to the extent they are regarded as recoverable.

Pension Costs

Local Government Pension Scheme

Contribution to the scheme are charged to profit and loss as they become payable.

Debtors and Creditors

The profit and loss and balance sheet accounts of the company are maintained on an accruals basis in accordance with United Kingdom Generally Accepted Accounting Principles (GAAP) and the Standard Statement of Accounting Practice (SSAP) 2. This means that sums due to or from the company during the year are included, whether or not the cash has been received or paid in the year.

All income and expenditure figures exclude VAT.

Bad Debt Provision

No provision against bad debt will be held for debtors relating to Derby City Council.

A provision of 100% will be held against specific debtors that are 6 months old or more.

Accounting for grants

Grants received relate to revenue expenditure and are credited to the profit and loss account as they become receivable. In certain circumstances grant funding may be repayable if the conditions of the funding are not met.

2 TURNOVER

	2003 £'000
HRA Supervision and Management Charge Fee	10,044
HRA Repairs Account Fee	40
Charges outside HRA	611
Grants received	164
Other Fee Income	<u>312</u>
Total Income for period	<u>11,171</u>

3 NET OPERATING EXPENSES

	2003 £'000
Continuing operations	
Employees	(6,105)
Property	(763)
Travel	(275)
Supplies & Services	(2,540)
Recharges from Derby City Council	<u>(1,472)</u>
	<u>11,155</u>

4 DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

Directors are unpaid volunteers.

Executive Officers' Emoluments are:

	Range £'000	2003 £'000
2	35-40	74
1	60-65	62
Benefits in kind		2
Company pension contribution		<u>15</u>
Total		153
Highest paid Executive Officer		62
Company Pension contribution		7

5 EMPLOYEE COSTS

Employee costs relating to the operating activities are as follows:

	2003 £'000
Wages and salaries	5325
Social Security costs	304
Other pension costs	<u>476</u>
Staff Employee costs	6,105

6 EMPLOYEE INFORMATION

The average monthly number of persons (including executive officers) employed by the company during the period was

By activity	2003 Number
Housing Management	246
Maintenance	35
Finance and other support services	<u>45</u>
Total	326

7 PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The profit/(loss) on ordinary activities before taxation is stated after making the following charges

	2003 £'000
Depreciation of tangible fixed assets:	
- owned assets	60
Auditors' remuneration:	
- audit services	10
- non audit services	<u>4</u>

8 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

2003
£'000

9 FIXED ASSETS

	2003 £'000
Additions in Year	
IT Equipment	101
IT Systems Development and Implementation	<u>36</u>
Total	137
Depreciation in Year	
IT Equipment	51
IT Systems Development and Implementation	9
Total	<u>60</u>
Net book value	<u>77</u>

10 DEBTORS

	2003 £'000
Amounts falling due within one year	
External Debtors	29
Payments in Advance	703
Car Loans	<u>4</u>
	<u>736</u>
	2003 £'000
Amounts falling due after one year	
Car Loans	<u>29</u>
	<u>29</u>

11 CREDITORS

	2003 £'000
Amounts falling due within one year	
External Creditors	168
Accruals	346
Payroll	14
VAT	58
	<u>586</u>

12 PROFIT AND LOSS ACCOUNT

	2003 £'000
Balance at 25 February 2002	0
Profit for the year	<u>6</u>
Balance at 31 March 2003	6

13 RECONCILIATION OF MEMBER'S FUND

	2003 £'000
Member's fund at 25 February 2002	0
Profit for the period	<u>6</u>
Member's fund at 31 March 2003	6

14 PENSIONS

The Company participates in the Derbyshire County Council defined benefit (open) superannuation fund. In accordance with FRS17 the Company is required to make certain disclosures in relation to pensions. The figures below are derived by using the full actuarial valuation of the fund as at 31 March 2002.

The following assumptions have been used:

	31 March 2002 % pa	31 March 2003 % pa
Inflation rate	2.50	2.50
Discount rate	6.10	5.40
Expected return on assets	6.85	7.21
Rate of increase in salaries	4.30	4.30
Rate of increase in pensions	2.50	2.50

The assets in the scheme and the expected rate of return were (for the fund as a whole):

	At 31 March 2002		At 31 March 2003	
	Market value £m	Expected rate of return %pa	Market value £m	Expected rate of return %pa
Equities (UK)	604	7.50	447	8.50
Equities (overseas)	271	7.50	216	8.50
Property	50	6.00	51	7.00
Fixed interest gilts	85	5.25	81	4.50
Index linked gilts	37	5.25	69	4.50
Other bonds	88	6.00	86	5.50
Cash	111	4.50	92	4.00
Total assets	1,246	6.85	1,042	7.21

For the part of the fund relating to Derby Homes:

	At 31 March 2003 £m
Funded benefits under LGPS regulations	(11.0)
Unfunded discretionary benefits awarded	-
Actuarial value of Fund liabilities	(11.0)
Market value of assets	6.7
Surplus/(deficit) in the Fund -	(4.3)

If the above liabilities had been recognised in the financial statements, the Company's net assets and profit and loss reserve would be as follows:

Net Assets	31 March 2003 £m
Net assets per the balance sheet	Enter final net assets here
Net pensions liabilities	(4.3)
Net assets including liabilities under FRS17	

Profit and loss account	31 March 2003 £m
Profit and loss account per balance sheet	Enter final profit figure here
Net pension liabilities	(4.3)
Profit and loss account surplus/(deficit) including FRS17 liabilities	

Analysis of the movement in surplus (deficit) in the Fund during the period

	31 March 2003 £m
Surplus(deficit) in the Fund at the beginning of period	-
Contributions paid	0.5
Current service cost	(0.6)
Past service cost	-
Deficit on commencement of participation in the Fund	(0.5)
Curtailment cost	-
Other finance income (charge)	-
Actuarial gain	(3.7)
Surplus(deficit) in the Fund at the end of period	(4.3)

Components of defined benefit cost

	£m
<i>Analysis of amounts charged to operating profits</i>	
Current service costs	0.6
Past service costs	0.0
Total charged to operating profit	0.6
<i>Analysis of other amounts charged to profit and loss account</i>	
(Gain) loss on commencement to participation in the Fund	0.5
(Gain) loss due to curtailments	0.0
Net (gain) loss charged to profit and loss account	0.5
<i>Analysis of amount credited to other finance income</i>	
Interest on pension scheme liabilities	0.5
Expected return on assets in the pension scheme	(0.5)
Net charge (credit) to other finance income	0.0
Total profit and loss charge before deduction for tax	1.1
<i>Analysis of amounts recognised in STRGL</i>	
(Gain) loss on assets	2.1
Experience (gain) loss on liabilities	0.0
(Gain) loss on change of assumptions	1.6
Total (gain) loss recognised in STRGL	3.7

History of experience gains and losses

	£m
<i>(Gain) loss on Fund assets</i>	
Amount	2.1
% of Fund assets at the end of period	31.34%
<i>Experience (gain) loss on scheme liabilities</i>	
Amount	0.0
% of Fund liabilities at end of period	0.0%
<i>Total actuarial (gain) loss recognised in STRGL</i>	
Amount	3.7
% of Fund liabilities at the end of period	33.64%

15 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £'000
Continuing operations	
Operating profit	16
Depreciation	60
(Profit)/Loss on sale of fixed assets	-
(Increase)/decrease in stocks	-
Decrease/(increase) in debtors	(1795)
Increase/(decrease) in creditors	1239
Net cash flow from continuing operations	(480)

16 ANALYSIS OF CHANGES IN NET DEBT

	At 25 February 2002 £'000	Cash flow £'000	Other non cash changes £'000	At 31 March 2003 £'000
Cash at bank and in hand	-	4		4
(Overdrafts)	-	(631)		(631)
		(627)		(627)

17 PARENT UNDERTAKING

The Company is a local authority controlled company within the meaning of Part V of the Local Government and Housing Act 1989, being a company under the control of Derby City Council. Copies of the financial statements for Derby Homes Limited can be obtained from the Secretary, Derby Homes Limited, 2nd Floor, South Point, Cardinal Square, Derby DE1 3QT.

The Directors consider that Derby City Council is the ultimate controlling party.