



FINANCE
DIRECTORATE

PO Box 6291
The Council House
Corporation Street
Derby DE1 2YL

PricewaterhouseCoopers
C/o Mr J Morris
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Your Reference

Our Reference

PD/CLS

Date

21 August 2003

Contact

Paul Dransfield

Telephone

01332 256263

Fax

01332 256149

Switchboard
01332 293111

Fax

01332 256122

☎ Textphone only

01332 256666

www.derby.gov.uk

Paul Dransfield BA, CPFA
Director of Finance

Dear John

REPRESENTATION LETTER IN RESPECT OF DERBY HOMES LTD

This representation letter is provided in connection with your audit of the financial statements of Derby Homes Ltd for the year ended 31 March 2003 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2003 and of its profit and cash flows for the period 25 February 2002 to 31 March 2003 in accordance with the Companies Act 1985.

I confirm, to the best of my knowledge and belief and having made appropriate enquiries, the following representations:

Management fee

The management fee payable to Derby Homes Ltd, in respect of services provided to Derby City Council, amounts to £10,043,598 for the period 25 February 2002 to 31 March 2003.

Grounds maintenance service charge

The charge to Derby Homes Ltd in respect of grounds maintenance services provided by Derby City Council amounts to £455,351 for the period 25 February 2002 to 31 March 2003.

Going concern

The financial statements of Derby Homes Ltd have been prepared on a going concern basis and the validity of this depends on the continuing financial support of the parent organization, Derby City Council.

Cont'd/

I acknowledge that Derby City Council will continue to financially support the activities of Derby Homes Ltd in accordance with the Management Agreement dated 10 April 2002.



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Director of Finance

For and on behalf of Derby City Council

Date: