



# Annual Report

For the financial year ended  
31<sup>st</sup> March 2010

Company Number: 5340097

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## Company Information

### Board Directors

#### Independent

Gordon Sims - Chair

James Bennett

David Turner

Sue Simmons

Roger Eastwood

#### Council

Ann Murray

Councillor David Tutt

Diane Bagley (to 27<sup>th</sup> October 2009)

Councillor Graham Marsden

Councillor Margaret Salsbury (from 11<sup>th</sup> September 2008)

Councillor Carolyn Heaps (from 10<sup>th</sup> December 2009)

#### Tenant

Stuart Pritcher – Vice Chair

Ella Kenward (to 9<sup>th</sup> March 2010)

Pauline Harrop

Allen Filer (to 3<sup>rd</sup> November 2009)

Donna Hood (from 17<sup>th</sup> September 2009)

## **Executive Team**

Jo Ellis	Chief Executive
Bob Granville	Deputy Chief Executive
Scott Kay	Executive Director
Graham Mitchell	Director of Finance (to 11 <sup>th</sup> December 2009)

## **Company Secretary**

Jane McCarthy-Penman

## **Registered Office**

Ivy House  
3 Ivy Terrace  
EASTBOURNE  
East Sussex  
BN21 4QU

## **Registered Number - 5340097**

## **Auditors**

BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
1st Floor  
46 Clarendon Road  
WATFORD  
Herts  
WD17 1JJ

## **Bankers**

Co-Operative Bank PLC  
164-165 Western Road  
BRIGHTON  
BN1 2BB

## **Further Information**

Summary financial information is published annually on the Company's website (eastbournehomes.org.uk)  
Further information on any of the financial statements may be obtained from the Company Secretary at the registered office address above  
Further information concerning Eastbourne Council's financial statements may be obtained from the Chief Finance Officer, 1 Grove Road, Eastbourne, BN21 4TW.

## Report of the Board

The Board of Directors present their report and the audited financial statements for the financial year ended 31<sup>st</sup> March 2010.

### Business review and Principal Activities

Eastbourne Homes Limited (EHL) is a Company limited by guarantee without share capital and is wholly owned by Eastbourne Borough Council (EBC). It is managed by a Board of 15 Directors and began trading on 1<sup>st</sup> April 2005. Its principal activities are to manage, maintain and improve Eastbourne Borough Council's (EBC's) housing stock. Each Board Director has a liability to pay £1 should EHL be wound up.

2009/10 was the second full year of Decent Homes investment. Following the Audit Commission's inspection in September 2007, EHL received a two star rating with promising prospects for improvement. This released £45.2m capital funds from the Government for EBC to invest in their Council Housing stock over a five-year period, £13.9m of which was available in the 2009/10 financial year (2009: £12m).

EHL's turnover for the period amounted to £7.164m (2009: £6.988m), of which £6.694m (2009: £6.565m) was funded by a management fee from EBC and the balance from other service contracts. EHL's direct investment in the housing stock amounted to £3.785m (2009: £3.595m). This was in addition to the £18.3m (2009: £15.1m) capital investment from EBC that EHL also managed.

### Key Performance Indicators

Operational performance is measured against the Annual Plan agreed between EHL and EBC. Those affecting finance can be measured in three main areas, repairs, void loss and rent collection.

KPI	Target	2010	2009	2008
Rent collection in the year, including arrears brought forward	98.8%	99.4%	98.5%	98.7%
Percentage of repairs appointments made and kept	98.0%	97.3%	96.3%	86.8%
Tenants' satisfaction of repairs carried out	95.0%	94.0%	93.4%	93.2%
Void Times (length of time property is empty before re-letting)	21.0 days	17.1 days	23.9 days	26.9 days

EHL improved its performance in all 4 targets set during the year. There was a significant improvement in rent collection, and a further reduction in void times. We continue to see year on year improvement in repairs performance, which are in part, directly attributable to the acquisition of 3C Asset Management by Mears in April 2009.

## **Principal Risks and Uncertainties**

Having delivered the first two years of the 5 year Decent Homes Programme in 2009/10, EHL's main risks for 2010/11 are delivering the capital programme of £8.6m for the year. During 2009/10 the Government issued a consultation paper on the future of the Housing Revenue Account (HRA). The proposal is that the HRA subsidy system is dismantled to be replaced by a self-financing arrangement whereby detailed control from the centre is transferred to local housing authorities. This will involve a "one off" commuted settlement whereby local authorities assume responsibility for the commuted debt within the national subsidy system. Individual authorities will compile 30 year business plans to ensure that properties can be maintained and the debt serviced within the projected formula rent stream. Work undertaken by EHL, together with the Council, indicate that the provisional settlement for Eastbourne will be affordable and allow our properties to be fully managed and maintained over the life of the plan.

## **Financial Instruments**

EHL's operations have limited financial risk. EHL operates solely in the UK, maintains only a current bank account and a deposit account with a sweeping arrangement for excess cash. It does not have a bank overdraft facility or any loans.

EHL has minimal credit risk, its only significant debtor being EBC; consequently EHL's cash flow and liquidity risk remain low.

## **Control Environment**

The Company operates under a Management Agreement with EBC. Its activities are conducted to ensure that EHL complies with all legislative requirements. EHL had not had any complaints upheld by the Local Government Ombudsman during the year.

EHL was inspected by the Audit Commission in September 2007 and was judged to be a good two star organisation with promising prospects for improvement. This released £45.2m Supported Capital Expenditure from the Government to EBC which EHL will manage for the next five years. EHL subsequently prepared, agreed and published a five-year Business Plan to 2013.

The Board acknowledges that it has overall responsibility for establishing, maintaining and reviewing adequate systems of internal control. The process of identifying and evaluating risk is ongoing. Key elements include:

- Risk Management Policy and Strategy
- Robust Business Planning
- Risk based Internal Audit Programme
- Performance Monitoring
- Business Continuity Management Plan (BCMP)
- Clear lines between strategic aims, five-year Business Plan, Annual Plan and budget setting
- Budget monitoring and forecasting
- Value for Money Strategy and Action Plan incorporating an Annual Efficiency Statement (AES)
- Terms of Reference for the Board and agreed delegated authorities

## **Employees**

As a customer focused organisation that engages regularly with stakeholders, EHL recognises that its ability to meet the targets set out within the Annual Plan depends on the continued commitment of its staff. Each staff member has an annual Appraisal that sets out training and performance targets that follow from the Annual Plan. This is regularly reviewed at one to one meetings with their line manager and more formally at a six-monthly Appraisal Review.

## **Board Directors and Executive**

The Board Directors and Executive Team that served during the period are listed on page 3 and 4. The Board Directors are drawn from a wide range of commercial, professional and community expertise and regularly assess their collective skills against those required to exercise proper governance over the Company. The Board is constituted as follows, five seats for Independent Directors, selected by interview from the local community; five seats for Directors nominated by EBC and five seats are Directors that are residents voted for by tenants and leaseholders. All are subject to annual Appraisal and retire in accordance with Sections 14, 15 and 16 of the company's articles to ensure that a balance between experience and new ideas is maintained.

The Board met quarterly during the year. Their role is to provide strategic direction and set policy. Day to day management is delegated to the Chief Executive.

Three Committees report to the Board, these are the Operations Committee, Finance and Corporate Services Committee and Audit and Risk Committee. All three have delegated powers and meet on a quarterly basis. There is also a Pay Sub-Committee that meets periodically.

During the year the composition of the Executive Team changed and now consists of the Chief Executive, Deputy Chief Executive and the Executive Director. The Finance Director left the company during the year and the responsibility for finance now falls within the remit of the Deputy Chief Executive.

Neither the Board Directors nor Executive Team have any financial interest in EHL. Insurance policies are in place to indemnify them against liability when acting for the Company.

## **Remuneration**

In accordance with current guidance, Board Directors have taken a decision not to receive any payment except for out of pocket expenses or loss of earnings. The Executive Team are employed on the same terms and conditions as the other staff.

The Board is responsible for setting the Remuneration Policy for the Board and Executive Team.

## **Statement of Directors' Responsibilities for the Financial Statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a

true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select the most suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors**

The company appointed Baker Tilly UK Audit LLP as new auditors for 2009/10 for a period of 3 years

## **Approval**

The report of the Directors was approved by the Board on 29<sup>th</sup> June 2010 and signed by its order:



**Jane McCarthy-Penman**  
**Company Secretary**



## **Report of the Independent Auditor to Eastbourne Homes Limited**

### **Independent Auditor's Report to the Member of Eastbourne Homes Limited**

We have audited the financial statements on pages 11 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's 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 company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As more fully explained in the Directors' Responsibilities Statement set out on pages 7 to 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on the financial statements**

In our opinion the financial statements.

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

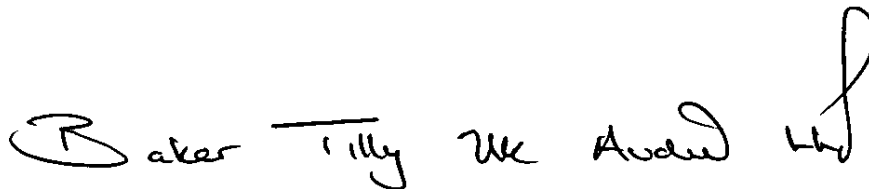
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink that reads "Baker Tilly UK Audit Ltd". The signature is written in a cursive, flowing style.

ANDREW MONTEITH (Senior Statutory Auditor)

For and on behalf of

BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
1st Floor  
46 Clarendon Road  
Watford  
Herts  
WD17 1JJ

24<sup>th</sup> August 2010.

## Income and Expenditure Account

for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover	3	7,164	6,988
Operating costs	4	(7,184)	(7,031)
Operating surplus/(deficit)	5	(20)	(43)
Interest receivable	6	3	37
Other finance (costs)/income	14	(31)	7
(Deficit)/Surplus on ordinary activities before taxation		(48)	1
Tax on ordinary activities	7	(6)	(10)
(Deficit) on ordinary activities after taxation		(54)	(9)

All activities are continuing.

## Statement of Total Recognised Surpluses and Deficits

Statement of Total recognised Surpluses and Deficits	Note	2010 £'000	2009 £'000
(Deficit) on ongoing activities after taxation		(54)	(9)
Actuarial (loss)	14	(1,324)	(409)
Total Recognised surpluses and deficits for the period		(1,378)	(418)

**Balance Sheet**at 31<sup>st</sup> March 2010

	Note	2010 £'000	2009 £'000
<b>Fixed Assets</b>			
Tangible Assets	10	306	20
		306	20
<b>Current Assets</b>			
Debtors	12	1,713	5,951
Cash		307	702
		2,020	6,653
Creditors falling due within one year	13	(1,623)	(5,891)
<b>Net Current Assets</b>		397	762
<b>Total assets less current liabilities, being net assets exc. pension liability</b>		703	782
Pension Liability	14	(1,613)	(314)
<b>Net (Liability)/Assets</b>		<b>(910)</b>	<b>468</b>
<b>Capital and Reserves</b>			
Revenue Reserve	15	<b>(910)</b>	<b>468</b>

The financial statements were approved and authorised for issue by the Board on 29<sup>th</sup> June 2010 and signed on its behalf by



**Gordon Sims**  
Chair EHL



**Roger Eastwood**  
Chair Audit & Risk Committee

**Cash Flow Statement**

**For the year ended 31 March 2010**

	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Net cash (outflow) from operating activities</b>	16	(55)	(1,827)
<b>Returns on investment and servicing of finance</b>			
Interest received	6	3	37
<b>Taxation Paid</b>			
UK Corporation Tax		(10)	(15)
<b>Capital expenditure</b>			
Purchase of Fixed Assets	10	(333)	(14)
<b>(Decrease) in cash</b>	17	(395)	(1,819)

**Notes to the Financial Statements**

**31<sup>st</sup> March 2010**

**1. Legal Status**

Eastbourne Homes Limited (EHL) is a private company limited by guarantee with no share capital.

**2. Accounting Policies**

**Basis of accounting**

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards

EHL has an agreed income stream in the form of its management fee from Eastbourne Borough Council. As the organisation is set up to exercise the council's social housing function there is no reason to suspect this would change and the management fee for the next twelve months as well as the continued support of Eastbourne Borough Council have been confirmed in writing, The directors therefore have no reason to believe that the company would not be able to meet its liabilities over the next twelve months and have prepared the accounts on the going concern basis.

**Turnover**

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied, excluding capital works invoices recharged to EBC at cost

**Tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost (tangible fixed assets are stated at historical cost) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives and for Office improvements over the initial 5 year life of the 10 year lease for the new offices in Ivy Terrace.

The principal annual rates used for assets, in line with industry standards, are

Office equipment	25%	on a straight line basis
IT equipment	33%	on a straight line basis
Leasehold Office Improvement	20%	on a straight line basis over 5 years to the lease break clause

**Taxation**

The Company has a mutual trading status with Eastbourne Borough Council (EBC). Corporation tax is not payable on any surplus arising from trade with EBC, but is payable on other surpluses

**Pensions**

The Company participates in the Local Government Pension Scheme, a defined benefit pension scheme administered by East Sussex County Council. The assets of the scheme are invested and managed independently of the finances of the Company. Contributions are based on pension costs of the Company's unithised fund. Costs include the regular cost of providing benefits, which it is intended should remain at a substantial level of current and expected future earnings of the employees covered

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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 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.

## 3. Turnover

Turnover and operating deficit arise almost entirely from the Company's housing management activities in the Eastbourne Borough.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Management Fees	6,742	6,605
Other Income (ie Supporting People and other minor contracts)	422	383
<b>Total Income</b>	<b>7,164</b>	<b>6,988</b>

## 4. Operating Expenses

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Housing Management Services	3,399	3,436
Property repairs	3,785	3,595
<b>Total operating costs</b>	<b>7,184</b>	<b>7,031</b>

Housing Management Services activities include, rents, arrears, housing benefit advice, performance management, finance, information and communications technology, management and administrative support, tenancy services, retirement services, tenant participation, and corporate governance including Board meetings

Property repairs includes all responsive, cyclical and planned expenditure on the housing stock. Capital expenditure, while managed by EHL, is paid for directly by Eastbourne Borough Council.

## 5. Operating Surplus / (Deficit)

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating deficit is arrived after charging;</b>		
Fees payable to the Company's auditor for		
• the audit of the annual financial statements	19	22
• Other services relating to taxation	-	1
Depreciation of Fixed Assets	47	13
Contribution to EBC for capital works towards meeting the Decent Homes standard	300	300
Operating Leases for Land & Buildings	109	74
Operating Leases for Plant & Machinery	1	-

**6. Interest Receivable**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Bank interest receivable	3	37

**7. Taxation**

**Tax on (Deficit)/surplus on ordinary activities:**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
<b>a) Analysis of charge</b>		
UK Corporation tax on profits for the period	6	10
<b>Tax on ordinary activities</b>	<u>6</u>	<u>10</u>

**b) Factors affecting tax charge for the period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (21%) as explained below:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
(Deficit) /Surplus on ordinary activities for the year	<u>(48)</u>	<u>1</u>
Theoretical tax at UK corporation tax at 21%	(10)	1
Effects of		
Loss on mutual trading activities	10	-
Loss/(Profit) on non- mutual trading activities	6	9
Current tax charge for the period	<u>6</u>	<u>10</u>

**8. Employees**

**Average monthly number of full time equivalent employees, including Executive Directors:**

	<b>2010</b> <b>Number</b>	<b>2009</b> <b>Number</b>
Average number of full time equivalent employees Including Executive Directors		
Executive	5.1	2.0
Housing Management	28.3	31.7
Asset Management	12.3	14.0
Finance, Performance & Administration	10.2	12.8
	<u>55.9</u>	<u>60.5</u>



	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Staffing costs, including directors</b>		
Wages & salaries	1,708	1,648
Social security costs	131	135
Other pension costs	156	244
	<b>1,995</b>	<b>2,027</b>

## 9. Directors and Executive

No Directors received any remuneration from the Company during the period. Expenses paid in the period totalled £6,133 (2009: £4,000).

The total amount of emoluments, including pension, social security contributions, and car allowances, paid to or receivable by the Executive Team of the Company during the period was £439K (2009: £378K). Four of the Executive including the Chief Executive, who served in the year, accrued benefits under the defined benefit pension scheme.

The emolument of the highest paid officer, the Chief Executive was:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Salary	102	85
Social Security	11	10
Pension	14	13
Car allowance	9	9
	<b>136</b>	<b>117</b>

**10. Tangible Fixed Assets**

	<b>Leasehold Office Improvement £'000</b>	<b>IT Equipment £'000</b>	<b>Office Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 31 March 09	-	86	17	103
Additions	261	28	44	333
<b>At 31 March 2010</b>	<b>261</b>	<b>114</b>	<b>61</b>	<b>436</b>
<b>Depreciation</b>				
At 31 March 09	-	74	9	83
Charged in period	26	15	6	47
<b>At 31 March 2010</b>	<b>26</b>	<b>89</b>	<b>15</b>	<b>130</b>
<b>Net book Value</b>				
<b>At 31 March 10</b>	<b>235</b>	<b>25</b>	<b>46</b>	<b>306</b>
At 31 March 09	-	12	8	20

**11. Commitments under Operating Leases**

	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Land &amp; Buildings</b>		
Expiring in first year	-	74
Expiring in second to fifth year	109	
<b>Plant &amp; Machinery</b>		
Expiring in second to fifth year	1	-

The land and building commitment in 2009 represents the annual rent payable on the Eastbourne Borough Council premises, the 2010 commitment represents the rent payable on the new premises (Ivy House)

The plant and machinery commitment represents rentals payable on two Canon photocopiers Agreement started in 09/10 year end

**12. Debtors**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Amount due from parent undertaking	277	526
Capital recharges due from parent undertaking	730	5,240
Other debtors	706	185
	<b>1,713</b>	<b>5,951</b>

## 13. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amount due to parent undertaking	60	327
Other taxation and social security	41	113
Corporation Tax	7	10
Other creditors	1,515	5,441
	1,623	5,891

## 14. Pensions

### East Sussex Pension Fund (ESPF)

The ESPF is a multi-employer scheme, administered by East Sussex County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31<sup>st</sup> March 2010 by a qualified independent Actuary.

The employers' contributions to the ESPF for the year ended 31<sup>st</sup> March 2010 were £210K (2009 £218K) at a contribution rate of 15.9% of pensionable salaries. The expected contribution rate for 2010/11 is £212K.

### Mortality Assumptions

Life expectancy is based on the PFA92 and PMA92 tables projected to the calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are:

	Males	Females
Current Pensioners	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 years

### Financial Assumptions

	31 Mar 10	31 Mar 09
Inflation / Pension increase rate	3.8%	3.1%
Salary increase rate	5.3%	4.6%
Expected Return on Assets	7.1%	6.5%
Discount rate	5.5%	6.9%

### Expected rate of return on assets

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

	<b>Expected rate of return 31/03/10</b>	<b>Expected rate of return 31/03/09</b>
Equities	7.8%	7.0%
Bonds	5.0%	5.4%
Property	5.8%	4.9%
Cash	4.8%	4.0%
<b>Expected Return on Assets</b>	<b>7.1%</b>	<b>6.5%</b>

## Amounts recognised in the Balance Sheet

	<b>2010 £'000</b>	<b>2009 £'000</b>
Present value of funded obligations	(5,356)	(2,853)
Fair value of plan assets	3,794	2,578
	<b>(1,562)</b>	<b>(275)</b>
Present value of unfunded obligations	(51)	(39)
<b>Net (liability)</b>	<b><u>(1,613)</u></b>	<b><u>(314)</u></b>

## Analysis of the amount charged to operating deficit

	<b>2010 £'000</b>	<b>2009 £'000</b>
Current Service Cost	156	181
Past Service Cost	-	43
Losses on Curtailments and Settlements	-	20
<b>Total charged to operating deficit</b>	<b><u>156</u></b>	<b><u>244</u></b>

## Analysis of other finance costs/( income)

	<b>2010 £'000</b>	<b>2009 £'000</b>
Expected Return on Employers Assets	(175)	(206)
Interest Cost	206	199
<b>Total other finance cost/( income)</b>	<b><u>31</u></b>	<b><u>(7)</u></b>

## Analysis of amount recognised in statement of Total Recognised Surpluses And Deficits (STRSD)

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial (losses)	(1,324)	(409)
<b>Actuarial (losses) recognised in STRSD</b>	<b>(1,324)</b>	<b>(409)</b>
<b>Cumulative Actuarial (losses)/gains</b>	<b>(1,196)</b>	<b>128</b>

## Changes in present value of defined benefit obligation

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Opening Defined Benefit Obligation	(2,892)	(2,763)
Current Service Cost	(156)	(181)
Interest Cost	(206)	(199)
Contributions by Members	(88)	(82)
Actuarial (Losses) / Gains	(2,120)	329
Past Service Cost	-	(43)
Losses on Curtailments and Settlements	-	(20)
Estimated Unfunded Benefits Paid	2	2
Estimated benefits Paid	53	65
<b>Closing Defined Benefit Obligation</b>	<b>(5,407)</b>	<b>(2,892)</b>

## Changes of fair value of employer assets

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Opening Fair Value of Employer Assets	2,578	2,875
Expected Return on Assets	175	206
Contributions by Members	88	82
Contributions by the Employer	210	218
Contributions in respect of Unfunded Benefits	2	2
Actuarial Gains/(Losses )	796	(738)
Unfunded benefits Paid	(2)	(2)
Benefits Paid	(53)	(65)
<b>Closing Fair Value of Employer Assets</b>	<b>3,794</b>	<b>2,578</b>

## Fair Value of employer assets

	<b>2010</b>		<b>2009</b>	
	<b>£'000</b>		<b>£'000</b>	
Equities	2,807	74%	1,959	76%
Bonds	190	5%	258	10%
Property	266	7%	206	8%
Cash	531	14%	155	6%
<b>Closing Fair Value of Employer Assets</b>	<b><u>3,794</u></b>		<b><u>2,578</u></b>	

## History of Experience on Scheme Assets and Liabilities are as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	3,794	2,578	2,875	2,561	2,198
Present value of funded obligations	(5,356)	(2,853)	(2,723)	(2,717)	(2,478)
Present value of unfunded liabilities	(51)	(39)	(40)	0	0
<b>(Deficit) / Surplus on Scheme</b>	<b><u>(1,613)</u></b>	<b><u>(314)</u></b>	<b><u>112</u></b>	<b><u>(156)</u></b>	<b><u>(280)</u></b>

The pension deficit is underwritten by Eastbourne Borough Council.

## 15. Revenue Reserve

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 09	468	886
(Deficit) on ordinary activities for the period	(54)	(9)
Actuarial (losses)	(1,324)	(409)
At 31 March 10	<u>(910)</u>	<u>468</u>
Revenue Reserve excluding pension liability	703	782
Pension (deficit)	(1,613)	(314)
At 31 March 10	<u>(910)</u>	<u>468</u>

## 16. Reconciliation of Operating Surplus to Net Cash Outflow

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Operating surplus /(deficit)	(20)	(43)
Depreciation	47	13
Decrease/(Increase) in debtors	4,238	(1,565)
(Decrease) in creditors	(4,264)	(256)
Pension operating charge	156	244
Pension contributions paid	(212)	(220)
<b>Net cash (outflow) from operating activities</b>	<b>(55)</b>	<b>(1,827)</b>

## 17. Reconciliation of net cash flow to movement in net funds

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Opening net funds	702	2,521
Increase / (Decrease) in cash in the period	(395)	(1,819)
<b>Net funds at 31 March</b>	<b>307</b>	<b>702</b>

## 18. Analysis of changes in net funds

	<b>Opening</b>	<b>Cash Flows</b>	<b>At 31 March 10</b>
<b>Cash in hand in bank</b>	<b>702</b>	<b>(395)</b>	<b>307</b>

## 19. Related Party Transactions

### Transactions and balances with Eastbourne Borough Council

Eastbourne Homes Limited. is a company limited by guarantee from Eastbourne Borough Council. EBC paid the Company a fee in accordance with an agreement to manage and maintain EBC's housing stock, including capital works.

The Company obtained services from EBC under various Service Level Agreements. These included financial ledger systems, human resources, payroll, information technology, communications, office accommodation and reception services. During the year human resources, office accommodation and reception services were taken in-house and , payroll services competitively tendered and awarded to an external provider.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income</b>		
Housing Management contract	6,694	6,565
Other contracts	39	39
<b>Expenditure</b>		
Service Level Agreements	292	281
Accommodation costs	74	59
Contribution to Capital Works	300	300
<b>Recharges</b>		
Capital Works at cost	18,321	15,102
<b>Debtor</b>		
Amount due from Eastbourne Borough Council	1,007	5,766
<b>Creditor</b>		
Amount due to Eastbourne Borough Council	60	327

A third of the Board Directors are residents in properties maintained by Eastbourne Homes Limited and owned by Eastbourne Borough Council. These residents have a standard tenancy agreement and fulfil the same obligations and receive the same service as all other residents of EBC.