

COMPANY NO: 4876696  
A company limited by guarantee



**Annual Report and Financial Statements**

**For the year ended 31 March 2009**

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## Company Information

### Board Members

#### Council Members (4)

Robin Brown :  
David Vatcher :  
Graham Donning : resigned 01/05/2008  
Frank Hodson :  
Peter Woof : appointed 28/07/2008

#### Tenant Members (4)

Ron Pritchard : resigned 18/09/2008  
Joan Chadwick :  
John Short :  
Peter Bland :  
Charles Howarth : appointed 18/09/2008

#### Independent Members (4)

Mary Dowling (Chairman) :  
John Stanton :  
Peter W Thompson :  
Christine Chadwick :

#### Co-opted Members

Paul Jones : period of co-option ended 16/03/2009

#### Executive Officers

Chief Executive : Peter Thomas BA (Hons) FCIH MRICS  
Director of Operations : David Stubbs FCIH  
Director of Finance : Garry Ronson ACMA ACMI

Secretary : Garry Ronson ACMA ACMI

Registered Office : Little Aynam House  
Little Aynam  
Kendal  
Cumbria  
LA9 7AH

Registered Number : 4876696

Auditors : Beever and Struthers  
St Georges House  
215-219 Chester Road  
Manchester  
M15 4JE

Bankers : Lloyds TSB Bank plc  
11 Finkle Street  
Kendal  
Cumbria  
LA9 4AG

# Chairman's Statement

## Introduction

I am pleased to introduce the South Lakes Housing Annual Report for 2008/09.

The Company has had a successful year capitalising on the Audit Commission award at the start of the year of “two stars with excellent prospects”. The Decent Homes project has proceeded apace with an impressive record of 1,466 kitchens, 918 bathrooms, 944 heating systems, and 1,507 external doors fitted since 2005. South Lakes Housing and its partner Bramall Construction are now completing the final year of the programme with excellent levels of customer satisfaction.

Although SLH incurred a deficit in its finances, it is in sound financial health and ready to take advantage of the opportunities that lie ahead in social housing. The Company is working with South Lakeland District Council and Tenants' Committee to undertake a review of the strategic options for social housing in South Lakeland once the Decent Homes programme is completed.

I would like to pay tribute to the Chief Executive Peter Thomas and all the staff of SLH for their commitment to maintaining SLH as a high performing ALMO in 2008/09. I would also like to thank the Tenants' Committee for their dedication and hard work on behalf of tenants and residents and my fellow Board colleagues – Tenant, Council and Independent Directors for the time and expertise they give so willingly to the Company.

**Mary Dowling**

Chairman

13 August 2009

## Report of the Board

The Board presents its report and audited financial statements for the year ended 31 March 2009. South Lakes Housing (SLH) is a company limited by guarantee without share capital and is managed by a Board, with day-to-day management undertaken by the executive officers. South Lakeland District Council (SLDC) is the sole member of SLH and effectively owns SLH.

### Principal activity

The company's principal activities are to manage and maintain the housing stock of SLDC.

### Performance for the year

The Board report a deficit before taxation of £336,810 (2008: £124,417). Prior to accounting adjustments for current year pension costs, as required under FRS 17, the company showed an operating deficit of £74,810 (2008: £99,782 surplus). The company's turnover was £5,867,000 (2008: £5,590,000).

### Board members and executive officers

The Board Members and the Executive Officers of the company who served during the year are set out on page 2. The Board consists of tenant representatives, SLDC nominees and independents.

The executive officers are the Chief Executive, the Director of Finance and the Director of Operations, details of whom are set out on page 2. None of the Directors or the Executive Officers have any financial interest in the company.

The company has insurance policies that indemnify its Board Members and Executive Officers against liability when acting for SLH.

### Remuneration

The Board is responsible for setting the company's remuneration policy for its executive officers. It agrees the appointment of executive officers and their remuneration.

### Remuneration – pensions

The company participates in the Local Government Pension Scheme, a defined benefit pension scheme managed by Cumbria 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 units in the fund.

As at 31 March 2009, SLH's share of the scheme liabilities was £3,225,000, as shown on the balance sheet and Note 17. However, under the TUPE arrangements at 1 April 2004, SLH has an indemnity from SLDC for the pension deficit for staff transferring to the ALMO. The apparent deficit on the balance sheet is therefore partly covered by the SLDC indemnity, which is not shown as an asset on the balance sheet, and subject to future performance of the pension fund.

### Employees

The strength of the company lies in the quality and commitment of its employees. The company's ability to meet its objectives and commitments to tenants in an efficient and effective manner depends on the contribution of employees throughout the company.

The company continues to communicate its corporate vision and values through regular office and departmental meetings, staff training days and newsletters. The company was re-accredited the Investors in People award in November 2008, and is committed to equal opportunities for all its employees.

## Report of the Board (continued)

The company is committed to fulfilling the Commission for Race Equality's Code of Practice in Rented Housing and the Equality Standard for Local Government.

In December 2008, the company received a Gold Award from Cumbria Business Environment Network, for its Environmental Management System. It is also a member of Cumbria Green Business Forum.

### Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. SLH's needs are wide and varied, with specialist construction knowledge required to protect customers as well as employees.

### The Board and the committees

SLH's Board is supported in its work by three sub-committees. These deal with Finance & Procurement, Human Resources and Policy issues respectively. The sub-committees bring an added level of monitoring, control and review to the running of SLH. Each sub-committee has its own detailed terms of reference.

### Statement of Directors' responsibilities for the annual report and financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which 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 1985. 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.

### Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 2, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

## Report of the Board (continued)

### Going Concern

After making enquiries the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

### Annual General Meeting

The Annual General Meeting is to be held on 23 September 2009 to receive the accounts to 31 March 2009.

### Auditors

A resolution to re-appoint Beever and Struthers as auditors for three years was proposed and accepted at the annual general meeting in 2007 in accordance with section 385 of the Companies Act 1985. The appointment is subject to an annual resolution at the Annual General Meeting.

### Approval

The Report of the Board was approved by the Board on 13 August 2009 and was signed on its behalf by:

Mary Dowling  
Chairman

## Independent Auditors Report to the Members of South Lakes Housing

We have audited the financial statement on pages 9 to 22 which have been prepared in accordance with the Companies Act 1985 as applicable to small companies under the historical cost convention and the accounting policies on pages 12 to 13.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of Directors Responsibilities the Company's directors are responsible for the preparation of the 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 International Standards on Auditing (UK and Ireland).

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 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 other transactions is not disclosed.

We report to you whether in our opinion the information given in the Report of the Board is consistent with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

## Independent Auditors Report to the Members of South Lakes Housing (continued)

### Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2009 and of its loss for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Report of the Board is consistent with the financial statements.

Beever and Struthers  
**Chartered Accountants**  
St. George's House  
215-219 Chester Road  
**Manchester M15 4JE**

Registered Auditors

## Profit and Loss Account

For the year ended 31 March 2009

	Note	2009 £	2008 £
Turnover	3	5,866,959	5,590,234
Operating costs	4	(5,976,072)	(5,615,453)
<b>Operating (loss)</b>	5	(109,113)	(25,219)
Interest received	7	15,303	26,802
Other finance charges	8	(243,000)	(126,000)
<b>(Loss) on ordinary activities before taxation</b>		(336,810)	(124,417)
Tax charge on ordinary activities	11	(15,462)	(7,250)
<b>Retained (loss) for the year</b>		(352,272)	(131,667)

All activities are continuing.

The notes on pages 12 to 22 form part of these financial statements.

Historical cost profits and losses were identical to those shown in the profit and loss account.

## Statement of Total Recognised Gains and Losses

For the year ended 31 March 2009

	2009 £	2008 £
(Loss) for the financial year after taxation	(352,272)	(131,667)
Actuarial gain / (loss) relating to the pension scheme	1,151,000	(819,000)
<b>Total recognised gains / (losses) for the year</b>	798,728	(950,667)

# Balance Sheet

At 31 March 2009

	Note	2009 £	2008 £
<b>Tangible fixed assets</b>	12	129,594	95,050
<b>Current assets</b>		<hr/>	<hr/>
Stock	13	68,737	33,603
Debtors	14	442,682	361,074
Cash at bank and in hand		159,586	392,139
		<hr/>	<hr/>
		671,005	786,816
<b>Creditors:</b> Amounts falling due within one year	15	(702,556)	(693,551)
		<hr/>	<hr/>
<b>Net current (liabilities) / assets</b>		(31,551)	93,265
		<hr/>	<hr/>
<b>Net assets excluding pension liability</b>		98,043	188,315
<b>Pension liability</b>	17	(3,225,000)	(4,114,000)
		<hr/>	<hr/>
<b>Net liabilities including pension liability</b>		(3,126,957)	(3,925,685)
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Profit and loss deficit	16	(3,126,957)	(3,925,685)
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board on 13 August 2009 and signed on its behalf by:

**M. Dowling**  
Chairman

**J. Short**  
Vice Chairman

## Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 £	2008 £
<b>Net cash (outflow) / inflow from operating activities</b>	19	(173,025)	341,426
<b>Returns on investments and servicing of finance</b>			
Interest received		15,303	26,802
<b>Taxation</b>		(7,250)	(2,446)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(72,883)	(118,812)
		_____	_____
<b>(Decrease) / increase in cash in the year</b>	21	(237,855)	246,970
		=====	=====

# Notes to the Financial Statements

For the year ended 31 March 2009

## 1. LEGAL STATUS

South Lakes Housing Limited is a company incorporated under the Companies Act and limited by guarantee.

## 2. ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) under the historical cost convention, on a going concern basis.

### Going Concern

The Company has a deficiency of funds which has been created by the implementation of FRS 17. The loss on the pension scheme arises due to the difference between pension charges and the required contributions, which are non cash items. The directors assess the ability of the Company to continue as a going concern based on future cash flows. Based on the cash flows, the directors believe that the Company will continue to be able to meet its obligations as they fall due, and have prepared the financial statements on the going concern basis.

### Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied.

### Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

<i>Asset description</i>	<i>Depreciation method</i>	<i>Period</i>
IT equipment	Straight line	Over 5 years

### Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Taxation

The company pays Corporation Tax on bank interest and trading income from non-Council clients at the rate applicable.

# Notes to the Financial Statements

For the year ended 31 March 2009

## 2. ACCOUNTING POLICIES (continued)

### Pension costs

The Company operates a contributory pension scheme, of the defined benefit type, for employees. The scheme is administered by trustees and is independent of the Company finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return of the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension scheme's surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet.

### Operating leases

The Company uses assets under operating leases. Rentals paid under these are charged to the profit and loss account in the year they are incurred.

## 3. TURNOVER

Turnover and operating profit arise solely from the Company's housing management activities in the District of South Lakeland.

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Management fee	2,310,293	2,228,052
Sheltered income	849,979	793,845
Repairs funding	2,505,400	2,490,841
Capital grants	35,272	23,762
External income	166,015	53,734
	<hr/>	<hr/>
	5,866,959	5,590,234
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

For the year ended 31 March 2009

### 4. OPERATING COSTS

	<b>2009</b> £	<b>2008</b> £
Management fee expenses	2,489,954	2,189,774
Sheltered expenditure	834,853	800,788
Repairs	2,629,164	2,495,852
FRS 17 pension costs	19,000	125,000
Bank charges	3,101	4,039
	<hr/>	<hr/>
	5,976,072	5,615,453
	<hr/> <hr/>	<hr/> <hr/>

### 5. OPERATING (LOSS) / PROFIT

	<b>2009</b> £	<b>2008</b> £
Operating (loss) / profit is stated after charging:		
Auditor's remuneration:		
- Statutory audit	6,000	5,889
- Non-audit services	595	595
	<hr/>	<hr/>

### 6. OPERATING LEASES

The Company was committed at 31 March 2009 to making payments of £45,000 under operating leases in 2009/10, comprising the following elements:

	<b>Vehicles, plant &amp; equipment</b> £	<b>Total</b> £
Leases expiring in:		
Less than 1 year	-	-
2 – 5 years	45,000	45,000
More than 5 years	-	-
	<hr/>	<hr/>
	45,000	45,000
	<hr/> <hr/>	<hr/> <hr/>

### 7. INTEREST RECEIVABLE

	<b>2009</b> £	<b>2008</b> £
Bank interest receivable	15,303	26,802
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

For the year ended 31 March 2009

### 8. OTHER FINANCE CHARGES

	<b>2009</b> £	<b>2008</b> £
Expected return on pension scheme assets	286,000	270,000
Interest on pension scheme liabilities	(529,000)	(396,000)
	<hr/>	<hr/>
Net return / (charge)	(243,000)	(126,000)
	<hr/> <hr/>	<hr/> <hr/>

### 9. EMPLOYEES

	<b>2009</b> No.	<b>2008</b> No.
The average number of people employed by the Company for the year was:	102	101
	<hr/> <hr/>	<hr/> <hr/>

The employee costs for the year were:

	<b>2009</b> £	<b>2008</b> £
Wages and salaries	2,499,341	2,372,945
Social security costs	183,198	175,958
Pension costs	399,000	461,000
	<hr/>	<hr/>
	3,081,539	3,009,903
	<hr/> <hr/>	<hr/> <hr/>

Pension costs include:

	<b>2009</b> £	<b>2008</b> £
Current service cost of defined benefit scheme	(399,000)	(461,000)
	<hr/> <hr/>	<hr/> <hr/>

The current service costs of defined benefit scheme comprises:

	<b>2009</b> £	<b>2008</b> £
Current service costs	(399,000)	(347,000)
Past service costs	-	(114,000)
	<hr/>	<hr/>
Total operating charge	(399,000)	(461,000)
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

For the year ended 31 March 2009

### 10. BOARD MEMBERS AND EXECUTIVE OFFICERS

No Board Members received any remuneration from the Company during the year. Expenses / allowances paid during the year amounted to less than £3,000.

The aggregate amount of emoluments (including pension and social security contributions) paid to or receivable by the Executive Officers of the Company during the year was £225,325 (2008: £201,308).

### 11. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of the charge in the period	2009 £	2008 £
<b>Current taxation:</b>		
UK Corporation Tax charge for the year	15,462	7,250
Adjustments in respect of prior period	-	-
<b>Deferred taxation:</b>		
Origination and reversal of timing differences	-	-
Adjustment in respect of earlier period	-	-
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	<b>15,462</b>	<b>7,250</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Factors affecting tax charge for the period</b>	<b>2009 £</b>	<b>2008 £</b>
(Loss) / Profit on trading activities before taxation	(336,810)	(124,417)
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate of 21% (2008: 20%)	(70,730)	(24,884)
Effects of:		
- (Profits) / losses non taxable under ALMO treatment	86,192	32,134
	<hr/>	<hr/>
<b>Actual current taxation charge</b>	<b>15,462</b>	<b>7,250</b>
	<hr/> <hr/>	<hr/> <hr/>

This company has been set up as an Arms Length Management Organisation (ALMO).

HM Revenue and Customs have stated in their letter dated 12 February 2007 that transactions with the Council will not amount to trading provided that the transactions are as described in the Memorandum & Articles of Association.

Therefore the only income which is taxable on the Organisation is the gross bank interest received and any trading income received.

The Organisation has traded in this and the prior accounting period with other organisations, which do amount to a trade and therefore have been taxed.

## Notes to the Financial Statements

For the year ended 31 March 2009

### 12. TANGIBLE FIXED ASSETS

	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 April 2008	118,812	118,812
Additions	72,883	72,883
	<hr/>	<hr/>
At 31 March 2009	191,695	191,695
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 April 2008	23,762	23,762
Charge for the year	38,339	38,339
	<hr/>	<hr/>
At 31 March 2009	62,101	62,101
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 March 2009	129,594	129,594
	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2008	95,050	95,050
	<hr/> <hr/>	<hr/> <hr/>

### 13. STOCK

	<b>2009 £</b>	<b>2008 £</b>
Stock held within:		
Stores	41,054	33,603
Trade vehicles	8,488	-
Other – dispersed alarm equipment	19,195	-
	<hr/>	<hr/>
	68,737	33,603
	<hr/> <hr/>	<hr/> <hr/>

### 14. DEBTORS

	<b>2009 £</b>	<b>2008 £</b>
Trade debtors	52,168	42,757
Prepayments	107,214	66,641
Accrued income	282,411	228,141
Other debtors	889	23,535
	<hr/>	<hr/>
	442,682	361,074
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

For the year ended 31 March 2009

### 15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Banking liability	5,302	-
Trade creditors	292,962	402,999
Accruals and deferred income	267,272	219,853
Corporation tax creditor	15,462	7,250
Other taxation and social security	121,558	63,449
	<u>702,556</u>	<u>693,551</u>

### 16. RECONCILIATION OF MOVEMENT IN RESERVES

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Opening deficit	(3,925,685)	(2,975,018)
Total recognised (losses) / gains for the year	798,728	(950,667)
	<u>(3,126,957)</u>	<u>(3,925,685)</u>
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Profit and loss reserve excluding pension deficit	98,043	188,315
Pension reserve	(3,225,000)	(4,114,000)
	<u>(3,126,957)</u>	<u>(3,925,685)</u>

### 17. PENSIONS

The company participates in the defined benefit Local Government Pension Scheme ('LGPS'), administered by Cumbria County Council. This is a funded scheme, meaning that both employer and employees pay contributions into the fund, calculated at a level that is estimated to balance the pensions liabilities with investment assets.

A qualified actuary using the "projected unit" method performs the triennial actuarial valuations. The most recent full valuation was completed as at 31 March 2007. This valuation relates to the whole fund.

# Notes to the Financial Statements

For the year ended 31 March 2009

## 17. PENSIONS (continued)

### Contributions

The employers' contributions to the LGPS by the Company for the year to 31 March 2009 were £380,000 (2008: £336,000). Following the triennial actuarial valuation as at 31 March 2007, the employer's contribution rate was fixed at 18.7% for 2008/09, 20.6% for 2009/10 and 22.6% for 2010/11.

### Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 17 basis were:

	2009 % per annum	2008 % per annum	2007 % per annum
Rate of increase in salaries	5.05	5.35	4.85
Rate of increase in pensions in payment	3.30	3.60	3.10
Discount rate	7.10	6.10	5.40
Inflation assumptions (RPI)	3.30	3.60	3.10

### Fair rate and expected return on assets

The fair rate value of assets in the pension scheme and the expected rates of return were:

	Expected rate of return 2009 %	Fair value 2009 £'000	Total plan assets 2009 %	Expected rate of return 2008 %	Fair value 2008 £'000	Total plan assets 2008 %
Equities	7.50	1,947	49.7	7.50	2,384	54.9
Government bonds	4.00	803	20.5	4.60	864	19.9
Other bonds	6.00	349	8.9	6.10	447	10.3
Property	6.50	247	6.3	6.50	317	7.3
Cash	0.50	90	2.3	5.25	200	4.6
Other	7.50	482	12.3	7.50	130	3.0
		-----			-----	
		3,918			4,342	
		=====			=====	

There is no provision for utilising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

## Notes to the Financial Statements

For the year ended 31 March 2009

### 17. PENSIONS (continued)

The amounts recognised in the balance sheet are as follows:

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Present value of funded benefit obligations	7,143	8,456
Fair value of plan assets	(3,918)	(4,342)
	<hr/>	<hr/>
Deficit	3,225	4,114
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in profit or loss are as follows:

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Current service cost	399	347
Interest on pension liabilities	529	396
Expected return on assets	(286)	(270)
Past service cost	-	114
	<hr/>	<hr/>
Total	642	587
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of the defined benefit obligation are as follows:

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Benefit obligation at beginning of period	8,456	7,149
Current service cost	399	347
Interest on pension liabilities	529	396
Member contributions	129	120
Past service cost	-	114
Actuarial (gains)/losses on liabilities	(2,279)	413
Benefits/transfers paid	(91)	(83)
	<hr/>	<hr/>
Benefit obligation at end of period	7,143	8,456

## Notes to the Financial Statements

For the year ended 31 March 2009

### 17. PENSIONS (continued)

Change in the fair value of plan assets are as follows:

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets at beginning of period	4,342	4,097
Expected return on plan assets	286	270
Actuarial gains/(losses) on assets	(1,128)	(398)
Employer contributions	380	336
Member contributions	129	120
Benefits/transfers paid	(91)	(83)
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Fair value of plan assets at end of period	3,918	4,342

#### Indemnity from South Lakeland District Council

The Company has an indemnity from South Lakeland District Council (SLDC) against the pension fund deficit. Under the terms of the Management Agreement, SLDC has agreed to fund the level of the deficit arising on the employees transferring under TUPE arrangements up to the level it stood at on 1 April 2004. Any subsequent liability on those, and any new employees, falls to be funded by SLH from within the management fee received from SLDC.

### 18. RELATED PARTY TRANSACTIONS

South Lakes Housing Limited (by guarantee) is a local authority controlled company of South Lakeland District Council (SLDC). The accounts of SLDC are publicly available on the council's website [www.southlakeland.gov.uk](http://www.southlakeland.gov.uk). The Council has delegated responsibility for overseeing the management and maintenance of its residential and related stock to SLH in accordance with the Management Agreement effective from 1 April 2004.

The Council pays the company a management fee in accordance with the Management Agreement and any subsequently approved variations. In 2008/09 the management fee amounted to £4,482,375 (2008: £4,499,860). The total income from SLDC for 2008/09 was £5,720,583 (2008: £5,604,305).

South Lakes Housing maintains its own financial ledger independently of SLDC.

#### Tenant Board Members

Certain Members of the Board are resident in properties maintained by South Lakes Housing and owned by the parent undertaking, South Lakeland District Council. These residents have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

## Notes to the Financial Statements

For the year ended 31 March 2009

### 19. RECONCILIATION OF OPERATING (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating (loss)	(109,113)	(25,219)
Depreciation charges	38,339	23,762
Pension – current service charge less contributions (Note 17)	19,000	125,000
(Increase) / decrease in stock	(35,134)	28,146
(Increase) / decrease in debtors	(81,608)	216
(Decrease) / increase in creditors	(4,509)	189,521
	<hr/>	<hr/>
Net cash (outflow) / inflow from operating activities	(173,025)	341,426
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### 20. ANALYSIS OF NET FUNDS

	1 April 2008 £	Cash flow £	31 March 2009 £
Cash at bank and in hand	392,139	(232,553)	159,586
Bank overdraft	-	(5,302)	(5,302)
	<hr/>	<hr/>	<hr/>
	392,139	(237,855)	154,284
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2009 £	2008 £
Net funds at 1 April	392,139	145,169
(Decrease) / increase in cash in the period	(237,855)	246,970
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Net funds at 31 March	154,284	392,139
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### 22. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is South Lakeland District Council, which is the sole member of South Lakes Housing.