

Stockport Homes Limited

Private Limited By Guarantee without Share Capital

Company No : **04521257**

Registered Address:

**1 St Peter's Square
Stockport
Greater Manchester**

SK1 1NZ

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Duedil Company Limited

Registered Office : Fairfax House, 15 Fulwood Place, London WC1V 6AY

Registered in : England / Wales

Company No : 06999618

www.duedil.com

Stockport Homes Limited

Directors' Report and Financial Statements

Company Limited by Guarantee

Company Number 04521257

Year Ended

31 March 2010

TUESDAY



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STOCKPORT HOMES LTD
Directors' Report and financial Statements
31st March 2010

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BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND PROFESSIONAL ADVISERS

BOARD OF DIRECTORS

Mr R Phillips, Chair	(appointed 23 09 05)
Mr D Kirwan, Vice Chair	(appointed 23 09 05, resigned 21 09 09, re-appointed 22 12 09)
Mrs MA Cleary	(appointed 08 03 06, resigned 21 09 09)
Councillor C Corris	(appointed 23 09 05)
Councillor CEJ Baker	(appointed 05 06 06)
Mr J Bowker	(appointed 29 09 08)
Ms S McCambridge Ackers	(appointed 23 09 05)
Ms AE Todhunter	(appointed 23 09 05)
Councillor A Verdeille	(appointed 25 06 08, resigned 05 06 09)
Mr D Wright	(appointed 15 10 07)
Ms MT Rowles	(appointed 29 09 08, appointed Vice Chair 21 09 09)
Councillor A Smith	(appointed 21 01 09)
Councillor C Murphy	(appointed 08 06 09)
Mr F Shahriary	(appointed 29 09 08, resigned 23 09 09)
Mrs B King	(appointed 21 09 09)
Mr P Fury	(appointed 18 11 09)

REGISTERED OFFICE

Stockport Homes Ltd
1 St Peter's Square
Stockport
Cheshire
SK1 1NZ

BANKERS

The Co-operative Bank Ltd
Stockport Branch
1 St Peter's Square
Stockport
Cheshire
SK1 1NX

SOLICITORS

Stockport Metropolitan
Borough Council
Litigation Department
Stopford House
Piccadilly
Stockport
SK1 3XE

EXTERNAL AUDITORS

PKF (UK) LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

INTERNAL AUDITORS

Deloitte LLP
2 Hardman Street
Manchester
M60 2AT

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BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND PROFESSIONAL ADVISERS (continued)

EXECUTIVE OFFICERS

Helen McHale	Chief Executive
Sandra Coleing	Director of Quality
Sue Goodman	Acting Director of Finance & IT 28 02 09 to 20 09 09
Elaine Dishong	Director of Housing Need & Support Services
April Higson	Director of Housing Management
Mark Hudson	Director of Technical Services

The five permanent executive officers were appointed to their positions on 1st October 2005

The executive officers act within the authority delegated to them under the Company's Scheme of Delegation approved by the Board. The detailed scrutiny of performance, the development of strategies/policies and procedures, and the approvals of expenditure within budget are carried out by the executive officers who meet as a Management Team every two weeks.

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DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the period 1 April 2009 to 31 March 2010

DATE OF INCORPORATION

The date of incorporation was 29 August 2002 with trading commencing on 1 October 2005. These accounts are for the fourth full year of operations for Stockport Homes Limited.

PRINCIPAL ACTIVITIES

The Company's principal activity is to manage and maintain the stock of houses owned by Stockport Metropolitan Borough Council (SMBC), including the management of the capital programme for the modernisation of the properties which numbered 11,483 as at 31 March 2010. Stockport Homes Ltd manages the allocation of homes and work on behalf of Stockport Council to fulfil their statutory responsibilities around preventing homelessness.

Stockport Homes Limited is known as an Arms Length Management Organisation or ALMO. This means that while the Council established the company, it operates independently from it on day-to-day matters. Under a Management Agreement with SMBC, Stockport Homes Limited receives a sum of money to carry out the business of managing and maintaining the housing stock on behalf of SMBC. The Management Fee for 2009/10 was £22,257m.

The total turnover for the year of £28,917m also includes income from other sources of £6,660m. The Management Agreement allows Stockport Homes to employ building contractors to undertake the Capital Investment Programme of which there was a budget of £34,534m in 2009/10.

Stockport Homes completed its first New Build scheme at Lantern Close during 2009/10. Ownership of the 17 new homes for rent rests with Stockport Homes. Two further Social Housing Grants were secured from the Homes and Communities Agency during 2009/10. This will enable the build of a further 18 new homes for rent at Mendip Court and Marlhill Court, which will start on site during 2010/11.

A new area of activity for Stockport Homes during 2009/10 was the collection of water charges on behalf of United Utilities. This resulted in additional income being received from SMBC of £461k which covers the costs of collection and an element of the commission gained by the arrangement to invest in new services relating to social and financial inclusion.

Stockport Homes re-tendered its largest repairs contract during 2009/10 utilising the relevant OJEU framework. Jackson Lloyd Ltd were awarded the new contract in November 2009, taking over from the previous contractor Mears Ltd. Jackson Lloyd will work with the organisation's existing in-house Direct Labour Organisation under an "umbrella" brand of Repair 1st to deliver quality repairs and efficient services to customers.

Stockport Homes will continue to seek to deliver high quality housing services, provide continuous improvement and improve the efficiency of its service. Any surplus after tax will be used to finance service improvements to customers and ensure the Mission and Aims of Stockport Homes are delivered.

Stockport Homes continues to purchase a number of essential services from Stockport Council. These include insurance, legal, IT infrastructure, financial systems and payroll. There are Service Contracts in place, which give detailed information on the services.

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DIRECTORS' REPORT (continued)

provided, including service standards and performance indicators, and the costs of such provision

LEGAL STATUS OF COMPANY

The Company is limited by guarantee and does not have any share capital

MISSION AND AIMS

Stockport Homes' Mission is to deliver a customer-driven service, providing quality homes where people want to live

Stockport Homes has six Aims which are

- To provide an inclusive service, which values its diverse communities, empowers its staff and makes effective use of its resources
- To ensure that all of our homes meet the Decent Homes Standard by 2010 and are then maintained to that standard, as a minimum
- To deliver high quality housing services that continue to improve and meet customers' needs and aspirations
- To deliver consistent, clear and well-publicised services to tenants and leaseholders which proactively seek to improve our estates in partnership with customers
- To provide appropriate accommodation (temporary and permanent) and support for the most vulnerable and socially excluded
- To make a real contribution to the Council's wider strategic and housing objectives, helping to build social inclusion and safer sustainable neighbourhoods

CORPORATE GOVERNANCE

The Board of Stockport Homes consists of 13 voluntary members (5 tenants, 4 nominees of Stockport Council and 4 independent members) They make up of the Board and their term of office is determined by Stockport Homes Ltd's Memorandum and Articles of Association, which govern the Company

The Board is responsible for the strategic direction of the organisation and Board members are registered as the Company Directors with Companies House They have been selected to collectively provide the skills and competencies to successfully steer the Company in accordance with its Mission and Aims

Stockport Homes has a Management Team which is led by the Chief Executive and supported by four Directors and is responsible for the day to day operations of the organisation The Chief Executive reports to the Board of Stockport Homes

The Board meets five times per year to make decisions concerning the strategic direction of the organisation The Board is supported by four Sub-Groups Finance and Audit, Human Resources and Governance, Maintenance and Investment, and Performance, all of which have clear terms of reference The Board and Sub-Groups are supported by the Governance Team which uses a range of different tools to ensure the effectiveness of the Board's decision-making This includes the Forward Plan, Proformas (which ensure the right decisions are made by the right group), Action Monitors and clear reporting lines between the Sub-Groups and the Board

To help ensure continuous improvement in governance, the Board undergo an Annual Personal Development Review process which gives Board members the opportunity to reflect

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DIRECTORS' REPORT (continued)

on personal and collective performance. The outcomes from this process feed into a Governance Improvement Plan and a complementary Learning and Development Plan. During 2009/10 the Board undertook training on a range of issues including Risk Management and the implications of the national review of the housing subsidy system.

FINANCIAL REVIEW OF THE YEAR

Stockport Homes has continued to operate efficiently and effectively within the terms of the Management Agreement with Stockport Council. A healthy reserves position of £767k (before FRS17) resultant from the 2008/9 financial year has been carried forward into 2009/10. £666k of these reserves were allocated throughout the year for service improvements and investment. The Management Team has continued to manage its resources throughout 2009/10 with monthly reviews of management accounts. These have included continual reporting improvements in terms of forecasting and variance analysis which has allowed a thorough transparency on monies available and effective decision making in the release of those monies for expenditure within the business.

The reserves (before FRS17) at the end of the 2009/10 financial year of £1 335m provide a comfortable base for Stockport Homes to take forward into 2010/11. The systematic release of these monies means that some of these reserves have already been ring-fenced to be spent on activities during 2010/11.

Stockport Homes continued to make the best use of available cash resources by making short-term investments within the Treasury Management Policy parameters during 2009/10. Interest yield however remained relatively low during the period due to the ongoing difficult global economic conditions.

Business planning remains a primary focus for Stockport Homes with the aim to have a comprehensive understanding of the organisation's threats and opportunities going forward. During 2009/10 a detailed business plan was produced for the in-house Direct Labour Organisation Repair 1st. Business plans for the Carecall and Caretaking Services have also been produced, and long-term financial viability models are in place for all New Build schemes. This work will be incorporated into an updated organisation-wide Business Plan during 2010/11.

OPERATIONAL AND PERFORMANCE REVIEW OF THE YEAR

The following section gives an overview of the operational and performance review of the company's business during the financial year. The first area looks at the key performance indicators including targets and outturn for the year. The next area relates to the Capital Investment Programme where Stockport Homes was allocated £104m up to 2010/11 to be used for expenditure related to meeting the Decent Homes Standard. The third area relates to the various accreditations received by the organisation during the year.

1. Scorecard update

At the end of the financial year performance against Stockport Homes' indicators in the Corporate Scorecard was positive, as 88% of the measures (or 35 of 40) either met or exceeded their targets.

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DIRECTORS' REPORT (continued)

Table One below provides a list of key business indicators and performance against these at the end of 2009/10

Table One: Performance Indicator	2009/10:outturn	2009/10:target
% of responsive repairs for which an appointment was made and kept	94.8%	94%
% urgent repairs completed in government time limits	98.1%	98%
Average time for non-urgent repairs	11.5 days	11.5 days
% gas services completed	100%	100%
Proportion of rent collected	98.56%	98.55%
Average void cost	£1,950	£1,719
Average responsive repair cost	£80	£79.12
Average time taken to re-let empty properties	21 days	22 days
Average weekly management costs per property	£14.48	£14.52
Customer satisfaction with landlord services	No survey in 2009/10	N/A
Customer satisfaction with Repairs	96%	96%
Customer satisfaction with Investment works	94.6%	93%
Customer satisfaction that Anti Social Behaviour was resolved	92%	92%

2. Decent Homes Performance to date

Table Two below describes the last three year's performance in meeting the Decent Homes Standard (as per National Indicator 158 methodology)

Table Two:	2007/8	2008/9	2009/10
% Properties Decent	75%	83%	95.4%
Number of properties decent	8,648	9,497	10,960

A number of actions are taken to ensure good performance against this key indicator

- The use of Codeman, the organisations stock condition survey database, has enabled better planning of improvement works for all non-decent homes and the identification of properties which are about to fall into non-decency. Programmes of Investment works can then be produced to improve this performance indicator

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DIRECTORS' REPORT (continued)

- Handovers are tracked to ensure completions are happening on time, and give assurance that the targets will be met
- Ongoing Stock Conditions Surveys are undertaken and these together with the handover information are fed into Codeman so there is an up to date view of the status of the Housing Stock and ongoing improvement works

3 Accreditation

In line with Stockport Homes' commitment to delivering a 'customer driven service,' the organisation has undergone a Customer Service Excellence Aware (formerly CharterMark) and has met 100% of the criteria for the third time. This is a significant achievement for Stockport Homes, and reflects the high standards of customer care delivered by the organisation and its partners.

More recently, the Housing Need and Support Service has continued to demonstrate excellent service provision achieving 'A' ratings for all three Temporary Accommodation Schemes and Resettlement Services from Supporting People inspections. These accomplishments recognise the hard work of staff in providing excellent services for vulnerable people.

In 2009/10 Stockport Homes was awarded Investors in People (IiP) Gold. This is the highest level an organisation can achieve. Stockport Homes became the first housing organisation in the North West to get IiP Gold. Furthermore, Stockport Homes has been ranked number 19 in the Sunday Times Best Place to work in the Public Sector list. Stockport Homes is one of four social landlords to appear in the list.

STRATEGIC PRIORITIES 2010/13

Stockport Homes has an embedded continuous improvement framework, including the Service Improvement Plan (SIP), which has been developed over the last three years. It provides a clear plan of activity to ensure sustained improvement across all areas of activity. During 2009/10, the SIP was reviewed and revised following consultation and the resultant SIP is more strategic. This will be supported by Directorate Plans, which include detail of how Strategic Priorities will be achieved. The nine Directorate level actions Strategic Priorities 2010/13 are detailed below.

- 1 Secure and maintain the long term viability of Stockport Homes
- 2 Ensure Customers Continue to Lead, Drive and Shape Service Direction
- 3 Build on the Investment in Stock to Deliver Sustainable Homes and Communities
- 4 Ensure all Stakeholders understand the Benefits and Achievements of Stockport Homes
- 5 Champion Sustainable Practices
- 6 Maximise Access and our Contribution to Social Inclusion
- 7 Strengthen the Boundaries for Excellence by Delivering a Culture of Continuous Improvement
- 8 Ensure staff feel empowered, well trained and an integral part of the organisation
- 9 Ensure Value for Money is Integral to everything we do

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DIRECTORS' REPORT (continued)

DEVELOPMENT ACTIVITY REVIEW OF THE YEAR

Stockport Homes successfully completed the organisation's first New Build scheme during 2009/10 17 homes for rent were let during January and February 2010 The scheme was completed within budget

Having undergone an assessment of potential development sites in the Borough, a future pipeline development programme has been established There are currently 16 potential sites on the pipeline programme

Partnerships are key to the successful delivery of the development programme and the development and finance teams work closely with Stockport Council's Housing Strategy, Planning and Finance Services to fund and deliver the programme Stockport Council are fully supportive of Stockport Homes' ambitions in terms of new build and have agreed to support the programme through Prudential Borrowing

Stockport Homes as a new partner of the Homes and Communities Agency attends quarterly review meetings with the agency to review current and future developments During 2009/10 Stockport Homes has continued to develop and strengthen this new relationship Links between Stockport Homes and G M Procure (GMP) have been further expanded via the procurement of goods from GMP for the new build

During 2008/9 the Development Strategy for Stockport Homes was drafted and consultation took place with the Tenants' Federation Committee and Stockport Homes' Board in March 2009 The Strategy was approved at the May 2009 Board meeting

During 2009/10 two further bids for funding were accepted by the Homes and Communities Agency (HCA) New homes for rent will now be built at Mendip Court and Marlhill Court during 2010/11 (18 units in total)

ENVIRONMENTAL MATTERS

Stockport Homes is committed to creating and maintaining sustainable neighbourhoods To help the organisation deliver genuinely sustainable communities, close partnership working is required with customers, other agencies and partners As part of the ongoing programme of activity successful funding bids have secured additional resources during the year from the Department for Children, Schools and Families, Play Builder Programme (£407,584) Big Lottery (£95,000) and GM Procure Sense of Place (£114,381) to deliver a range of environmental and play projects across neighbourhoods In addition customers have benefited from the annual Estate Improvement Budget of £ 400,000 to support a range of cleaner, greener and safer projects

Customers, including children and young people, are at the forefront in identifying projects and involved in the decision making process as to which projects are implemented and involved in the design stages of the projects

Stockport Homes continues to strengthen its existing environmental partnerships, with Groundwork Trust and NW Liveability Foundation and Keep Britain Tidy This includes additional funding to help improve the environmental quality of neighbourhoods through physical improvements, as well as customer and staff training resources

As part of the organisations commitment to reduce carbon emissions, a range of projects and activities have taken place this year In addition to the work carried out as part of the Capital

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DIRECTORS' REPORT (continued)

Programme, a successful bid for CERT funding (Carbon Emissions Reduction Target) funding of £597,275 was secured to implement an insulation programme across the Borough Working in partnership with the Carbon Trust funding has been secured to carry out a feasibility project to reduce energy consumption within multi storey accommodation

Stockport Homes will continue to work with partners and customers to identify environmental projects and secure funding for the financial year 2010/11

RISK MANAGEMENT

Stockport Homes Board bears primary responsibility for managing risk For major projects it sets the parameters of the risk assessment and agrees the main risks It delegates responsibility to the Chief Executive, Directors and Finance and Audit Sub-Group for the management of risk A quarterly risk report is presented to the Management Team and Finance and Audit Sub-Group The Management Team of Stockport Homes continues to reinforce and embed the culture of risk management within the organisation and there is a comprehensive internal control framework in place to mitigate risks Service Managers are responsible for working with their Directors to monitor and review their risk registers and actions

Each year the Board carry out an annual review of the key risks affecting the business In light of the current financial climate coupled with moving into new areas of work with regard to Development activity it was necessary to carry out a thorough review of all risks to the business The review included a look at the methodology in assessing risks and a new matrix has been produced which includes a new scoring system There is a comprehensive internal control framework in place to mitigate risks

The 2009-10 Risk Register was approved in it's new format by the Board of Stockport Homes in March 2009 The register contained the risks which were identified as being 'high level' to the organisation for the period April 2009 to March 2010

To further strengthen Risk Management, a Risk Management Strategy was approved by the Board in December 2009

KEY RISKS 2009/10

The 2009-10 Risk Register contained the key risks to the organisation along with actions which were planned to mitigate the risks The actions are monitored and reported on a quarterly basis to Stockport Homes Management Team and the Finance and Audit Sub-Group All reports from Management to the Board and Sub-Groups provide an assessment of the risks associated with the areas covered and any action required to control such risk This enables the Board and Sub-Groups to consider what the major risks are, and how they have been identified, evaluated and managed The 2009-10 register contained 30 key risks, of which 21 were classed as a medium risk and 9 classed as low risk prior to actions being taken The risks deemed as a medium risk to the organisation were -

- 1 Failure to retain and develop the right staff
- 2 Failure to recruit difficult to fill posts
- 3 A breach of health and safety of staff
- 4 Failure to monitor contractor competency on health and safety
- 5 Failure to retain and develop Board members
- 6 Rent collection below target and the impact of water charges on collection rates
- 7 Loss of availability of data applications due to loss of network connections

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DIRECTORS' REPORT (continued)

- 8 Unsafe investment of surplus cash
- 9 Lack of robust stock condition survey information
- 10 Failure to sustain current financial viability of the organisation
- 11 Failure to implement new repairs service / contract successfully
- 12 Risk of contractors / suppliers going into administration (improvement programme, new build and repairs)
- 13 Lack of control of new build Financial viability of schemes
- 14 Failure to set stretching service standards
- 15 Lack of up to date energy meter readings in communal schemes and volatile energy prices
- 16 Failure to have effective Customer Involvement Strategy
- 17 Not meeting Key Lines of Enquiries, particularly continuous improvement
- 18 Lack of clear and aligned strategic direction for Council and Stockport Homes Ltd to perform effectively
- 19 Uncertainty about the Housing Revenue Account Subsidy Review
- 20 Failure to renegotiate Asylum and Refugee Contracts
- 21 Loss of Supporting People Resettlement Contracts

STOCKPORT HOMES EMPLOYEES

Stockport Homes is a large sized organisation (establishment of 417.5 full time equivalent posts as at 31 March 2010) which is well established in the local community. In recognition of this, an effective HR Strategy is in place, which has recently been reviewed and revised to ensure it not only meets the needs of Stockport Homes and its workforce but is also reflective of the community it serves.

Stockport Homes' HR Strategy 2009-11 is a framework for applying people management practices to achieve business outcomes. It recognises that employees are the most important assets of an organisation and the way in which they are trained, developed, rewarded and motivated influences how services are delivered. The Strategy determines the kind of employer Stockport Homes aims to be and sets out how this will be achieved. It has six Strategic Themes of Health and Well Being, Pay and Reward, Performance Management, People Management, Staff Involvement and Employee Relations, and Equality and Diversity. Implementation of the Strategy will be achieved through the Action Plan, whose progress is monitored by Stockport Homes Management Team and HR and Governance Sub Group.

Stockport Homes is committed to ensuring that it provides equal opportunities in employment to existing employees and anyone who applies for a job with the organisation. This makes good business sense and is in line with good practice elsewhere and Stockport Homes is legally required to do so. As such, the following statement has been adopted:

"We reaffirm our opposition to unfair discrimination in recruitment, employment or pay. We will ensure that the selection, training and promotion of employees is based solely on the criteria of merit and ability. No job applicant, employee or ex employee will receive less favourable treatment on the grounds of: race; religion; gender, marital status; sexual orientation; disability, offending past, caring responsibilities; status as a refugee, social class, or age."

The principle behind this statement is intended to cover discrimination in employment occurring on any other unjustified grounds. As such, all job applicants describing themselves as disabled are guaranteed an interview if they meet the essential criteria. Implementing equal opportunities for employees is a continuing process that we keep under constant review. The process involves devising codes of practice, establishing procedures, promoting good practice within the organisation and setting goals to ensure continuing progress.

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DIRECTORS' REPORT (continued)

INTERNAL CONTROLS ASSURANCE

The Board accept their ultimate responsibility for ensuring the company has in place a system of controls that are appropriate to the various business environments in which it operates. The system of internal controls includes financial controls but also includes a comprehensive performance management framework to ensure a high standard of service delivery is maintained. The system of internal control was established with reference to the organisations Risk Register. The Register identifies priority risks using a recognised risk management framework. In December 2009 the Board approved a three year Risk Management Strategy (2009-11). The aim of the Strategy is to define the structure for monitoring, review and gaining assurance about the management of risk within the organisation. It explains the way in which the Risk Register and evaluation criteria is established and reviewed. The Strategy also shows how risk management will be embedded within the organisation.

In summary the system of internal controls is designed to give reasonable assurance with respect to

- The reliability of financial and other non-financial performance information used within the Company or for publication,
- The actions taken by the Company to ensure its objectives are met and stated standards of performance are achieved,
- The maintenance of proper accounting records, and
- The safeguarding of assets against unauthorised use or disposition

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

The system of internal control includes the following key elements

- A risk management framework is in place in which priority risks are reviewed quarterly by the Chief Executive and Directors and reported to Finance and Audit Sub-Group
- Formal policies and procedures are in place for both financial and operational activities. These include Financial Regulations, Staff Scheme of Delegation and Contract Procedure Rules. The Staff Scheme of Delegation sets out clearly the levels of financial approvals across the organisation. This protects against unauthorised use of the Company's assets, as well as aiding effective service delivery
- Appointment of experienced and suitably qualified staff to take responsibility for important business functions. Annual Performance Development Reviews including training and development needs analysis are well established to maintain standards of performance. Effective recruitment and selection processes are in place to ensure only suitable people are employed
- Forecasts and budgets are prepared which allow the Board of Directors and management to monitor the key financial risks and objectives and progress towards financial plans for the year and the medium terms. Monthly management accounts are prepared promptly, providing relevant and reliable financial information. The monthly management accounts are considered in detail by Stockport Homes Management Team along with the Corporate Scorecard each month, and include the investigation of any significant variances and any necessary management action to ensure services and programmes are delivered to budget
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors/Sub-Groups and the Management Team

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DIRECTORS' REPORT (continued)

- The Board of Directors receives the annual external auditors report. The Board is offered the opportunity to meet with the external auditors without officers present to allow them to raise any concerns directly.
- A full range of insurance is in place to safeguard assets.
- A detailed Strategy and Policy Register is in place with separate procedures where required to ensure that strategies and policies are regularly reviewed, approved and remain operational.
- There is an internal audit programme in place based on assessment of risks. This programme is agreed by the Finance and Audit Sub-Group and Stockport Homes Management Team. The relevant service manager will write the management response and, where appropriate, give a date to complete the required action. All reports and resulting action plans are presented to Stockport Homes Management Team and the Finance and Audit Sub-Group for scrutiny and monitoring on a regular basis.

During 2009/10 six internal audits were conducted on the following areas

- Customer Involvement
- Capital Investment
- General Accounting Procedures
- Adaptations
- Anti-Social Behaviour (ASB)
- Void Management

The General Accounting Procedures internal audit looked at whether the organisation's system of internal controls in relation to general accounting procedures is conducive to ensuring that transactions are accurately recorded in the accounts. Internal Audit found that the organisation's systems of internal controls over general accounting procedures were sound and designed to achieve the system objectives. Three recommendations for further improvements were made which have been implemented by Management.

It should be noted that during the year reviews of internal controls are undertaken via the internal audit programme and management review. During 2009/10 the Financial Regulations were updated and approved by the Board. A Fraud Policy was also approved by the Finance and Audit Sub-Group.

No weaknesses were found in the internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report of the financial statements. The Board of Directors is of the opinion that the Company has suitable internal controls for maintaining adequate accounting records, safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

GOING CONCERN

At its meeting on 20 September 2010 the Board of Stockport Homes Ltd approved the statement that in their opinion, Stockport Homes Ltd has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements. This was based on the contract in place with SMBC to pay Management Fees in return for delivery of housing management and maintenance services, as prescribed in the Management Agreement. The Directors confirm that the Management Agreement for providing Housing Services was renewed in October 2009 and expires in October 2015.

The financial statements have been prepared on a going concern basis. The Company's Balance Sheet shows a net liability which includes pension liabilities or assets required under

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DIRECTORS' REPORT (continued)

FRS 17 SMBC provides indemnity covering the value of any liabilities that would have been incurred under this scheme. For 2009/10 the pension funds were valued at a liability value of £10 711m as at 31 March 2010 (liability of £2 089m as at 31 March 2009). The position this year is worse than it was last year, principally due to the poor market economic conditions and the change in mortality assumptions to reflect improvements in life expectancy.

APPOINTMENT OF AUDITORS

By an elective resolution of the company, PKF (UK) LLP, Registered Auditors, are deemed re-appointed as auditors for the succeeding year.

INFORMATION GIVEN TO AUDITORS

So far as each of the Directors are aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware, and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board on 20th September 2010



Roger Phillips
Chair

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 surplus or deficit of the company for that period. In preparing these financial statements the directors are required to

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STOCKPORT HOMES LTD
(A company limited by guarantee)

We have audited the financial statements of Stockport Homes Limited for the year ended 31 March 2010 which comprise the income and expenditure account, the statement of total recognised surpluses and deficits, the balance sheet, the cash flow statement and the related notes. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the directors' responsibilities statement, 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 Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on 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 surplus 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

STOCKPORT HOMES LTD
Directors' Report and financial Statements
31st March 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STOCKPORT HOMES LTD
(A company limited by guarantee)
Continued

- 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

PKF (UK) LLP

Brian Ricketts, Senior Statutory Auditor
For and on behalf of PKF (UK) LLP, Statutory Auditors
Liverpool

Date *27 September 2010*

STOCKPORT HOMES LTD
Directors' Report and financial Statements
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INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £'000s	2009 £'000s
Turnover	2	28,917	25,656
Operating costs		(28,059)	(25,835)
Operating surplus/(deficit)	4	858	(179)
Interest receivable and similar income		23	118
Net interest (deficit) on pension	7	(221)	(5)
Interest payable and similar charges	5	(6)	-
Surplus/(Deficit) on ordinary activities before taxation		654	(66)
Tax on surplus/(deficit) on ordinary activities	6	(5)	(26)
Surplus/(Deficit) on ordinary activities after taxation		649	(92)
Transfer to/from resources		-	-
Retained surplus/(deficit) for the year		649	(92)
All amounts relate to continuing activities			

STOCKPORT HOMES LTD
Directors' Report and financial Statements
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STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £'000s	2009 £'000s
Reported surplus/(deficit) for the year		649	(92)
Actuarial (loss) in pension plan	7	(8,703)	(1,919)
Total recognised (deficits) for the financial period		(8,054)	(2,011)

All recognised gains and losses have been included in the above statement

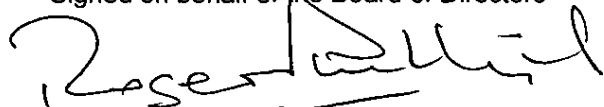
STOCKPORT HOMES LTD
Directors' Report and financial Statements
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BALANCE SHEET
AT 31 MARCH 2010
Company Number 04521257

	Notes	2010 £'000s	2009 £'000s
Fixed assets			
Housing Properties	8	1,010	-
Assets under construction	8	122	278
Other tangible assets	8	32	19
		1,164	297
Current assets			
Stock and Work in Progress	9	113	61
Debtors	10	4,356	2,615
Cash at bank and in hand		3,988	2,162
		8,457	4,838
Creditors amounts falling due within one year	11	(7,536)	(4,368)
Net current assets		921	470
Total assets less current liabilities		2,085	767
Creditors amounts falling due after one year	12	(750)	-
Net assets before pension liability		1,335	767
Provisions for liabilities			
Pension liability		(10,711)	(2,089)
Total Liabilities		(9,376)	(1,322)
Capital and Reserves			
Revenue reserve	13	(9,376)	(1,322)
Total funds	13	(9,376)	(1,322)

These financial statements were approved and authorised for issue by the Board of Directors on 20 September 2010

Signed on behalf of the Board of Directors



Roger Phillips
Chair

STOCKPORT HOMES LTD
Directors' Report and financial Statements
31st March 2010

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010

	2010 £'000s	2009 £'000s
Reconciliation of operating surplus/(deficit) to net cash (outflow)/inflow from operating activities		
Operating surplus/(deficit)	858	(179)
FRS17 net deficit	(221)	-
Depreciation	16	9
FRS 17 adjustments	(81)	188
Movement in stocks	(52)	16
Movement in debtors	(1,741)	1,941
Movement in creditors	3,919	(1,089)
Net cash inflow from operating activities	2,698	886
Cash flow statement		
Net cash inflow from operating activities	2,698	886
Return on investments and servicing of finance (note 1)	17	118
Capital expenditure (note 2)	(868)	(296)
Taxation (note 3)	(21)	(37)
Increase in cash	1,826	671
Reconciliation of net cash flow to movement in net funds (note 4)		
Increase in the year	1,826	671
Net funds at 31 March 2009	2,162	1,491
Net funds at 31 March 2010	3,988	2,162

STOCKPORT HOMES LTD
Directors' Report and financial Statements
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NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010

	2010		2009	
	£'000s	£'000s	£'000s	£'000s
NOTE 1 TO				
CASH FLOW STATEMENT				
Gross cash flows				
Returns on investments and servicing of finance				
Interest received	23		118	
Interest paid	(6)			
	<hr/>	17	<hr/>	118
		<hr/>		<hr/>
NOTE 2 TO				
CASH FLOW STATEMENT				
Capital expenditure	854		278	
Payments to acquire fixed assets	14		18	
	<hr/>	868		296
		<hr/>		<hr/>
NOTE 3 TO				
CASH FLOW STATEMENT				
Taxation paid	21		37	
	<hr/>	21	<hr/>	37
		<hr/>		<hr/>
NOTE 4 TO				
CASH FLOW STATEMENT				
	At	Cash	At	
	31 3 09	Flows	31 3 10	
	£'000s	£'000s	£'000s	
Cash in hand and at bank	2,162	1,826	3,988	
Bank overdraft	-	-	-	
	<hr/>	<hr/>	<hr/>	
Total	2,162	1,826	3,988	
	<hr/>	<hr/>	<hr/>	

STOCKPORT HOMES LTD
Directors' Report and financial Statements
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

1 Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current accounting period.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The financial statements have been prepared on a going concern basis. The Company's Balance Sheet shows a net liability of £9.376m, however this includes the deficit on pensions under FRS17 of £10.711m. Stockport Council have confirmed the indemnity of the pension liability if required. Net current assets before FRS17 are £0.921m. The Directors can confirm that the management agreement for providing housing services was renewed in October 2009 until October 2015.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Tangible Fixed Assets

Housing properties are principally properties available for rent and are stated at cost. Any additions include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of enhancements to existing properties.

Other fixed assets are included in the Balance Sheet at historical cost, less depreciation where appropriate. A de minimus value of £5,000 applies to individual items. Depreciation is provided at a rate calculated to write off the cost of fixed assets, less their estimated residual value over their estimated useful lives on the following basis:

- Computer Equipment 33.33% Straight Line

Housing Properties for Rent – Fixed Asset Capitalisation and Depreciation

Housing properties for rent are stated at cost less accumulated depreciation and related social housing grant. Houses are transferred to completed properties when they have reached practical completion.

Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred.

STOCKPORT HOMES LTD
Directors' Report and financial Statements
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
Continued...

Depreciation is charged on a straight-line basis after taking into account Social Housing Grant over the asset's expected economic useful life as shown below

New build housing structure (including on-costs)	100	Years
Other housing structure	50	Years
Boundary walls & car hard-standings	50	Years
Roofs	70	Years
Windows	31	Years
Electrical	31	Years
Bathrooms	31	Years
Structural cladding	25	Years
Front Doors	26	Years
Back Doors	31	Years
Boilers	21	Years
Heating systems	31	Years
Kitchens	21	Years
Canopy Roofs	21	Years
Gutters / Fascia / Waste Stack / Downpipes	21	Years
Gates / Fences	25	Years
Consumer Units	31	Years
Smoke Detectors / Carbon Monoxide Detectors/Extractors	11	Years

Housing properties under construction

New Build schemes under construction are stated at cost and are not depreciated. Assets under construction have been partly funded by Social Housing Grant. The excess of grant over expenditure is held as grants in advance in other creditors until the expenditure is incurred.

Capitalisation of directly attributable costs

Salary and other costs directly attributable to development costs are capitalised and apportioned on the basis of works costs.

True and Fair Override

Capital grant income received as a contribution towards capital cost of fixed assets is deducted from the fixed asset cost in accordance with the statement of Standard Accounting Practice (SSAP4). This treatment is contrary to the Regulations under the Companies Act 2006 which states fixed assets should be stated at purchase price, or valuation, less any provision for depreciation or diminution in value. The purpose of the capital grants is to subsidise the cost of the social housing and the income from properties is a function of net cost. Accordingly the Board considers it necessary to adopt the treatment set out in SSAP4 in order to give a true and fair view of the financial position of the company.

STOCKPORT HOMES LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
Continued

Grants

Revenue grants are credited to the income and expenditure account as the related expenditure is incurred. Where grant is received as a contribution towards the capital cost of fixed assets it is deducted from the fixed asset cost.

Investments

Short-term cash investments are in line with the treasury management policy. Future investments to be held as fixed assets are stated at cost less provision for any impairment.

Stocks

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

Work In Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity, based on a schedule of rates. Provision is made for any foreseeable losses where appropriate.

Operating leases

Operating lease rentals are charged direct to the income and expenditure account in equal amounts over the lease term. The value of leased assets is not reflected in the Balance Sheet.

Pension costs

The Company participates in the Greater Manchester Pension Fund. The scheme is a final salary pension scheme and retirement benefits to the employees of the Company are funded by contributions from all employers and employees in the scheme.

Payments are made to a fund operated by Tameside Metropolitan Borough Council. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable to the various participating organisations. All costs, liabilities, assets and investment returns are accounted for in accordance with FRS 17.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or reversed) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's

STOCKPORT HOMES LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

Continued...

taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balances sheet date. Deferred tax is measured on a non-discounted basis

2 Turnover

Stockport Homes Ltd's principal source of income (77% of turnover) is the management fee, paid by Stockport Metropolitan Borough Council, for managing and maintaining the Council's housing stock. It receives other income in addition to the management fee, as detailed below

	2010	2009
	£'000s	£'000s
Management Fee	22,257	20,586
Income from customers and miscellaneous	2,600	2,229
Supporting People grants	1,408	1,373
Charges to Capital Programme	2,191	1,468
Water Initiative	461	-
Total	<u>28,917</u>	<u>25,656</u>

3 Information regarding Directors and employees

Directors' emoluments

The Directors are defined as being the members of Stockport Homes Ltd's Board. None of the Directors received any emoluments but were entitled to reimbursement of incidental expenses incurred when attending Board meetings and other formal events in their capacity as Board members. These expenses totalled £2,830 in the year to 31 March 2010 (£1,707 in the twelve months to 31 March 2009)

Executive Officers' emoluments

There are five permanent Executive Officers. Executive Officers comprise the Chief Executive and those Executive Officers listed at page two

	2010	2009
	£'000s	£'000s
Aggregate emoluments - Executive Officers	425	350
Aggregate Pension Contributions - Executive Officers	55	46
	<u>480</u>	<u>396</u>
Emoluments Paid to the Highest Paid Executive Officer	115	103
Pension contributions – Highest Paid Executive Officer	16	14

The Chief Executive is the highest paid Executive Officer and is an ordinary member of the Greater Manchester Pension Fund

Average number of persons employed	2010	2009
Operations	213	199
Repairs and Maintenance	64	59
Administration	86	71
	<u>363</u>	<u>329</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
Continued...

	2010 £'000s	2009 £'000s
Staff costs during the period (including Directors)		
Wages and salaries	9,012	7,873
Social security costs	661	574
Pension costs	778	799
	10,451	9,246
4 <u>Operating surplus/(deficit)</u>	2010 £'000s	2009 £'000s
The operating surplus is after charging		
Depreciation	16	9
Rentals under operating leases	689	676
Auditors' remuneration - audit	11	11
- non-audit services	1	1
	717	706
5 <u>Interest payable and similar charges</u>		
Interest of £6k on the borrowing for the New Build completed scheme was payable during the year to 31 March 2010 (nil during the financial year to 31 March 2009)		
6 <u>Tax on surplus/(deficit) on ordinary activities</u>	2010 £'000s	2009 £'000s
United Kingdom corporation tax	5	26
Factors affecting tax charge for year		
Surplus/(Deficit) on ordinary activities before tax	654	(66)
Surplus/(Deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% adjusted for small companies marginal relief	183	(20)
Effects of		
Non taxable income and deductions	(178)	46
	5	26
7 <u>Pensions</u>		
The Company joined the Greater Manchester Pension Fund, administered by Tameside Metropolitan Borough Council, on 1 October 2005 with its employees transferring from Stockport Metropolitan Borough Council		
The latest formal valuation of the Fund for the purposes of setting employers' actual contributions was as at 31 March 2007, with the next formal valuation due as at 31 March 2010. A summary of the data used for valuation is as follows		
▪ Individual membership data submitted as at 31 March 2007		

STOCKPORT HOMES LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
Continued...

7 Pensions continued.....

- Individual pensioner data in respect of LGPS unfunded pensions
- Latest numbers of employees, deferred pensioners and pensioners
- Estimated employer and employee contributions up to the latest available date
- Actual split of Fund assets as at the latest available date
- Actual Fund returns provided up to the latest available date
- The mid-market value of Fund assets as at the latest available date, and
- Any new early retirements from 1 April 2009 to the latest available date on unreduced pensions which are not anticipated in the normal employment service cost

The financial assumptions used for the purpose of the FRS17 calculations are as follows

Inflation / Pension Increase Rate	3.8%	3.1%
Salary Increase Rate	5.3%	4.6%
Expected Return on Assets	6.9%	6.3%
Discount Rate	5.5%	6.9%

The assets in the scheme and the expected rate of return were

Equities	7.8%	7.0%
Bonds	5.0%	5.4%
Property	5.8%	4.9%
Cash	4.8%	4.0%

Mortality assumptions, projected to calendar year 2033 for non pensioners and 2017 for pensioners, with improvements from 2007 in line with the medium cohort and a 1% p a underpin

Current Pensioners	20.8 years	24.1 years
Future Pensioners*	22.8 years	26.2 years

* Future pensioners are assumed to be currently aged 45

Historic mortality

31 March 2010	Year of birth, medium cohort and 1% p a minimum improvements from 2007	Year of birth, medium cohort and 1% p a minimum improvements from 2007
31 March 2009	Calendar year 2033	Calendar year 2017
31 March 2008	Calendar year 2033	Calendar year 2017
31 March 2007	Calendar year 2017	Calendar year 2004
31 March 2006	Calendar year 2004	Calendar year 2004

STOCKPORT HOMES LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
Continued...

The fair value of employer assets were

Equities	13,652	9,328
Bonds	3,260	2,228
Property	1,223	974
Cash	2,241	1,392
Total	20,376	13,922

The above asset values as at 31 March 2010 are at bid value as required under FRS17. No details have been provided to the pension fund in respect of the difference between mid market and bid value of assets for the Fund as a whole by the Administering Authority. Accordingly, the bid value of assets has been estimated by applying an adjustment of - 0.4% to the Employer's mid market value asset share as at 31 March 2010.

The amounts recognised in the balance sheet are as follows

Fair Value of Employer Assets	20,376	13,922
Present Value of Funded Liabilities	(31,087)	(16,011)
Net (Under)/Overfunding in Funded Plans	(10,711)	(2,089)
Present Value of Unfunded Liabilities	-	-
Unrecognised Past Service Cost	-	-
Net (Liability) / Asset	(10,711)	(2,089)
Amount in the Balance Sheet		
Liabilities	10,711	2,089
Assets		
Net (Liability) / Asset	(10,711)	(2,089)

The amounts recognised in the profit or loss are as follows

Current Service Cost	761	9.8%	799	11.8%
Interest Cost	1,137	14.6%	1,122	16.5%
Expected Return on Employer Assets	(916)	(11.8%)	(1,117)	(16.5%)
Past Service Cost / (Gain)	-	-	263	3.9%
Losses / (Gains) on Curtailments & Settlements	-	-	-	-
Total	982	12.6%	1,067	15.7%
Actual Return on Plan Assets	5,209		(2,726)	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
Continued. .

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

Opening Defined Benefit Obligation	16,011	15,658
Current Service Cost	761	799
Interest Cost	1,137	1,122
Contributions by Members	490	431
Actuarial Losses/(Gains)	12,991	(1,979)
Past Service Costs / (Gains)	-	263
Losses / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(303)	(283)
Closing Defined Benefit Obligation	31,087	16,011

Changes in the fair value of plan assets are as follows

Opening Fair Value of Employer Assets	13,922	15,677
Expected Return on Assets	916	1,117
Contributions by Members	490	431
Contribution by the Employer	1,063	879
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains/(Losses)	4,288	(3,899)
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Unfunded Benefits Paid	-	-
Benefits Paid	(303)	(283)
Closing Fair Value of Employer Assets	20,376	13,922

The major categories of plan assets as a percentage of total plan assets

Equities	67%	67%
Bonds	16%	16%
Property	6%	7%
Cash	11%	10%

Amounts for the current and previous accounting periods

Fair Value of Employer Assets	20,376	13,922
Present Value of Defined Benefit Obligation	(31,087)	(16,011)
(Deficit) / Surplus	(10,711)	(2,089)
Experience Gains / (Losses) on Assets	4,288	(3,899)
Experience Gains / (Losses) on Liabilities	-	-

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Directors' Report and financial Statements
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
 Continued...

Amounts for the current and previous accounting periods

Fair Value of Employer Assets	15,677	12,559	11,076
Present Value of Defined Benefit Obligation	(15,658)	(14,448)	(13,437)
(Deficit) / Surplus	19	(1,889)	(2,361)
Experience Gains / (Losses) on Assets	1,508	74	694
Experience Gains / (Losses) on Liabilities	(3,445)	-	-

The amount recognised in the Statement of Total Recognised Gains and Losses is a deficit of £8 703m (2009 deficit £1 919m)

The best estimate for employers contributions for the year to 31 March 2011 is approximately £1,194,000

8 Tangible Fixed Assets

	Completed Housing Properties £'000	Housing Under Construction £'000	Computer Equipment £'000	Total £'000
<u>Cost</u>				
As at 1/4/09	-	392	28	420
Additions	-	1,881	24	1,905
Transfer to Completed	<u>2,036</u>	<u>(2,036)</u>	-	-
As at 31/3/10	<u>2,036</u>	<u>237</u>	<u>52</u>	<u>2,325</u>
<u>Social housing grant</u>				
As at 1/4/09	-	114	-	114
Additions	-	1,021	-	1,021
Transfer to Completed	<u>1,020</u>	<u>(1,020)</u>	-	-
As at 31/3/10	<u>1,020</u>	<u>115</u>	-	<u>1,135</u>
<u>Depreciation</u>				
As at 1/4/09	-	-	9	9
Charge	<u>6</u>	-	<u>11</u>	<u>17</u>
As at 31/3/10	<u>6</u>	-	<u>20</u>	<u>26</u>
<u>Net Book Value</u>				
At beginning of year	-	<u>278</u>	<u>19</u>	<u>297</u>
At end of year	<u>1,010</u>	<u>122</u>	<u>32</u>	<u>1,164</u>

9 Stock and Work in Progress

	2010 £'000s	2009 £'000s
Raw materials and consumables	<u>113</u>	<u>61</u>

10 Debtors

	2010 £'000s	2009 £'000s
Due from Stockport MBC and its subsidiaries	<u>3,738</u>	<u>1,883</u>
Trade debtors	<u>165</u>	<u>354</u>
Other debtors	<u>142</u>	<u>119</u>
Prepayments and accrued income	<u>311</u>	<u>259</u>
	<u>4,356</u>	<u>2,615</u>

STOCKPORT HOMES LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010
Continued...

11	<u>Creditors</u> amounts falling due within one year	2010 £'000s	2009 £'000s
	Due to Stockport MBC and its subsidiaries	1,081	555
	Trade creditors	909	1,141
	Corporation tax	5	26
	Other taxation and social security	231	186
	Other creditors	1,991	481
	Accruals and deferred income	3,319	1,979
		<u>7,536</u>	<u>4,368</u>
12	<u>Creditors</u> amounts falling due after one year	2010 £'000s	2009 £'000s
	Housing Loans (due to Stockport MBC)	750	-
		<u>750</u>	<u>-</u>
	Repayments are due as follows	2010 £'000s	2009 £'000s
	Within one year	-	-
	In 1 to 5 years	67	-
	In 5 years or more	683	-
		<u>683</u>	<u>-</u>
	The £750,000 housing loans are currently on a fixed rate of interest of 4.8% Stockport Homes has £278,226 of loans to draw down from Stockport Metropolitan Borough Council. This is expected to be drawn down in 2010/11		
13	<u>Reconciliation of movement in reserves</u>	Revenue Reserve 2010 £'000s	Revenue Reserve 2009 £'000s
	Operating surplus/(deficit) (after taxation) for the financial period	649	(92)
	Actuarial (losses) in pension plan in Statement of Total Recognised Surpluses and Deficits (see Note 7)	(8,703)	(1,919)
	Net (deduction) from revenue reserve	<u>(8,054)</u>	<u>(2,011)</u>
	Transfer of opening pension liability (Note 7)		
	Opening value of reserves	<u>(1,322)</u>	<u>689</u>
	Closing value of reserves	<u>(9,376)</u>	<u>(1,322)</u>
14	<u>Commitments</u>		
	At 31 March 2010 the company was committed to making the following payments during the next year, in respect of non-cancellable operating leases		
	Motor Vehicles.	2010 £'000s	2009 £'000s
	Leases which expire:		
	Within one year	57	69
	Within two to five years	345	145
		<u>345</u>	<u>145</u>

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Commitments continued ..

	2010 £'000s	2009 £'000s
Land & Buildings		
Leases which expire.		
Within one year	-	-
Within two to five years	-	-
After more than five years	<u>290</u>	<u>279</u>

There were no capital commitments at the year end

15 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 Stockport Metropolitan Borough Council. Copies of the financial statements for Stockport Homes Ltd can be obtained from Finance, Stockport Homes Ltd, 1 St Peter's Square, Stockport, SK1 1NZ

The Directors consider that, by virtue of the management agreement between the two organisations, Stockport Metropolitan Borough Council is the ultimate controlling party

16 Related party transactions

During the year Stockport Homes Ltd received income from Stockport Metropolitan Borough Council, its parent company, and paid for services provided by Stockport Metropolitan Borough Council. Stockport Homes also borrowed from Stockport Metropolitan Borough Council £750k for the organisation's first New Build scheme at Lantern Close. During the year Stockport Homes Ltd also paid for services provided by Solutions SK Ltd, a wholly owned subsidiary of Stockport Metropolitan Borough Council formed on 1st October 2006, and NPS Stockport Ltd, in which Stockport Metropolitan Borough Council acquired a 20% holding on transfer of activities to this organisation part way through the year.

In 2009/10 the management fee and other charges to the Council amounted to £25,950k (£23,523k as at 31st March 2009). Outstanding balances at the year end amounted to £3,738k (£1,883k as at 31st March 2009).

During the financial period ended 31st March 2010, Stockport Metropolitan Borough Council charged Stockport Homes Ltd £4,206k for the provision of support services (£4,501k to 31st March 2009). Outstanding balances at the year end amounted to £866k (£386k as at 31st March 2009). There were also £750k of housing loan balances outstanding.

In 2009/10 Solutions SK Ltd and its subsidiary Waste Solutions SK Limited charged Stockport Homes Ltd £901k for the provision of services related to repairs, maintenance and fleet services (£896k to 31st March 2009). Outstanding balances at the year end amounted to £215k (£169k as at 31 March 2009). NPS Stockport Ltd charged Stockport Homes Ltd £464k for the provision of services related to repairs, maintenance and management services (£420k for the year ended 31st March 2009). Outstanding balances at the year end amounted to £15k (£33k as at 31st March 2009).

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Stockport Homes Ltd's bank balances are held by the same bankers as those of Stockport Metropolitan Borough Council, however the Council does not have control of the bank balances of Stockport Homes Ltd

Five of the Board members at any time are also tenants. During the financial year to 31st March 2010, the tenants acting as Board members for the full financial year were Mrs Maureen Rowles and Ms AE Todhunter. Mrs M Cleary and Mr D Kirwan served until 21st September 2009 and Mr F Shariary served until 23rd September 2009. Mrs B King was appointed on 21st September 2009. There was one casual vacancy from 21st September 2009, which was filled by Mr P Fury who was appointed on 18th November 2009. There was a further casual vacancy from 23rd September which was filled by Mr D Kirwan who was re-appointed on 22nd December 2009. These tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefit as other tenants. There are no significant rental arrears to report in relation to these tenants as at the year end.