Impact Housing Association Limited

Draft Financial Statements
For the Year Ended 31 December 2000

Impact Housing Association Limited

Draft Financial Statements
For the Year Ended 31 December 2000

Contents **Page**

Draft Board of Management and Directors
For the Year Ended 31 December 2000

Board of Management:	Mr M Bonner (Chair) Mr M Barrett Mr M Harrington Mrs J Riddle Mr N Waller Dr J Smith (resigned July 2000) Ms E Thomas Mr P Cowler Mr A Power Mr P Rol Mrs L Baldry Mr A Buckley Mr H Bottomley (Co-opted) Mr K Fitton Mr C Kemp (Co-opted) Mr J Stephenson (resigned January 2000) Mrs M Brown Mrs L Bird Mr C Graham (Observer)
Chief Executive and Secretary:	Mike Muir
Finance Director:	Graham Wilson
Operations Director:	Keith Dobson
Human Resources Director:	Steve Holliday
New Initiatives Director:	Alison Coupe

Draft Registered Office and Advisers
For the Year Ended 31 December 2000

Registered Office:	12 Fisher Street Workington Cumbria CA14 2EP
Auditors:	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Principal Bankers:	Clydesdale Bank Plc P O Box 19 66 Lowther Street Whitehaven Cumbria CA28 7AE
Solicitors:	Brockbank, Tyson & Company P O Box 1 Duke Street Whitehaven Cumbria CA28 7NR
	Trowers and Hamlins Heron House Albert Square Manchester M2 5HD

Draft Report of the Board of Management
For the Year Ended 31 December 2000

The Board of Management presents its annual report and the audited accounts for the year ended 31 December 2000.

Results
The results for the year are set out on page 8 of the financial statements.

Principal activity
The Association's principal activity during the year was the provision of housing in Cumbria.

Business review
This year has been a successful one and has included the first full year results from the transfer of housing stock from Allerdale Borough Council in April 1999. It is anticipated that this performance will be maintained in the foreseeable future. The accounts include additional costs of £115,000 for depreciation following the requirements of the Statement of Recommended Practice (SORP), and the write off of costs associated with Dobinson road in Carlisle.

Board of management members and their interests
The Board Members in office during the year are listed on page 1.

Each elected Board Member holds one fully paid share of £1 in the Association.

Political and charitable contributions
During the year the Association made no political contributions and any charitable contributions were made within the Association's normal activity.

Fixed assets
The changes in fixed assets during the year are stated in note 10 to the financial statements.

Statement of Board of Management responsibilities
Industrial and Provident Society law requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the Income and Expenditure of the Association for that period. In preparing the financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

Draft Report of the Board of Management
For the Year Ended 31 December 2000 (Continued)

Statement of Board of Management responsibilities (Continued)
The Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls
The Board of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:-

a. the reliability of financial information used within the Association or for publication;

b. the maintenance of proper accounting records, and;

c. the safeguarding of assets against unauthorised use or disposition.

It is the Board of Management's responsibility to ensure and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

a. Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.

b. Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.

c. Forecasts and budgets are prepared which allow the Board of Management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.

d. All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-Boards comprising Board of Management members.

e. The Board of Management reviews reports from management and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.

f. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

Draft Report of the Board of Management
For the Year Ended 31 December 2000 (Continued)

Statement of internal financial controls (Continued)

g. The Board of Management has reviewed the effectiveness of the system of internal financial controls in existence in the Association for the year ended 31 December 2000 and until the date these accounts are approved. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Auditors

In accordance with the Industrial and Provident Societies Acts 1965 to 1978 a resolution to re-appoint the Association's auditors Messrs. Beever and Struthers will be proposed at the Annual General Meeting.

Approved by the Board of Management on ....

Signed on their behalf by ....

Draft Report of the Auditors to the Members of Impact Housing Association Limited

We have audited the financial statements on pages 8 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 13 to 14.

Respective responsibilities of Board of Management and auditors
As described on pages 3 and 4 the Association's Board of Management is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates of judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association'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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion, the Association's financial statements, give a true and fair view of the state of the Association's affairs at 31 December 2000 and of its income and expenditure and cash flow for the year then ended and have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 1978, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 1997 and 1998.

St. George's House
215-219 Chester Road
Manchester
M15 4JE

BEEVER AND STRUTHERS
Chartered Accountants
Registered Auditors

Dated:

Draft Report of the Auditors on Corporate Governance to the Members of Impact Housing Association Limited

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on pages 4 to 5 on the Association's compliance with the Housing Corporation Circular R2 - 18/96 "Internal Financial Control and Financial Reporting". The objective of our review is to draw attention to any non-compliance, with the Circular, which is not disclosed.

Basis of opinion
We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to Corporate Governance" issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures, nor on the ability of the Association to continue in operational existence.

Opinion
With respect to the Board of Management's Statement on Internal Financial Control on pages 4 and 5, in our opinion the Board of Management has provided the disclosures required by the Circular and the statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

St. George's House
215-219 Chester Road
Manchester
M15 4JE

BEEVER AND STRUTHERS
Chartered Accountants
Registered Auditors

Dated:

Draft Income and Expenditure Account
For the Year Ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	**6,218,118**	5,484,188
Operating Costs	2	**(5,270,763)**	(4,835,785)
Operating Surplus		**947,355**	648,403
Surplus on sale of properties not developed for outright sale	28	**11,934**	57,364
Interest receivable and similar income	6	**67,913**	67,880
Interest payable and similar charges	7	**(801,056)**	(711,999)
Surplus on ordinary activities before taxation		**226,146**	61,648
Tax on surplus on ordinary activities	9	**-**	-
Surplus for the year before transfers		**226,146**	61,648
Transfer (to)/from restricted reserves	16	**(53,133)**	15,557
Transfer (to)/from designated reserves	15	**(1,969)**	1,332
Retained surplus for the year	17	**171,044**	78,537
(Surplus(Deficit)/ brought forward		**2,208,934**	2,130,397
Retained surplus carried forward		**2,379,978**	2,208,934

There have been no other recognised surpluses or deficits apart from those included in the above income and expenditure account. There is no difference between surplus on ordinary activities before taxation and the retained surplus for the year stated above and their historical cost equivalents. All amounts relate to continuing activities.

The notes on pages 13 to 23 form an integral part of these financial statements.

Draft Balance Sheet as at 31 December 2000

	Note	2000 £	1999 £
Tangible Fixed Assets			
Housing properties	10	**59,997,000**	54,558,373
Less: Social Housing Grant and other grants	10	**(41,157,155)**	(39,787,460)
Less: Depreciation	10	**(370,950)**	(204,760)
		18,468,895	14,566,153
Other fixed assets	10	**468,519**	592,825
		18,937,414	15,158,978
Current Assets	11		
Debtors		**399,092**	426,016
Cash at bank and in hand		**1,654,438**	1,510,976
		2,053,530	1,936,992
Creditors: Amounts falling due within one year	12	**(2,139,187)**	(2,278,537)
Net Current Assets (Liabilities)		**(85,657)**	(341,545)
Total Assets Less Current Liabilities		**18,851,757**	14,817,433
Creditors: Amounts falling due after more than one year	13	**15,509,152**	11,700,976
Capital and Reserves			
Share capital	14	**113**	111
Restricted reserves	16	**298,090**	244,957
Designated reserves	15	**664,424**	662,455
Revenue reserve	17	**2,379,978**	2,208,934
		3,342,605	3,116,457
		18,851,757	14,817,433

The notes on pages 13 to 23 form an integral part of these financial statements.

The financial statements on pages 8 to 23 were approved by the Board of Management on and were signed on its behalf by:

Board Member ....………..............................

Board Member ....………....................

Director/Secretary ....…………......

Draft Cash Flow Statement
For the Year Ended 31 December 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	1	**2,282,718**	3,358,151
Returns on investments and servicing of finance	2	**(733,187)**	(644,119)
Taxation	3	-	-
Net capital expenditure	4	**(4,085,095)**	(2,662,162)
		(2,535,564)	51,870
Management of liquid resources		-	-
Financing	5	**2,679,026**	416,798
		143,462	468,668

1. Reconciliations of Operating Profit to Net Cash Inflow from Operating Activities

	2000 £	1999 £
Operating surplus	**947,355**	648,403
Depreciation charges	**267,402**	135,420
Change in debtors	**37,669**	(113,473)
Change in creditors	**979,102**	2,483,041
Exceptional write off	**51,190**	204,760
	2,282,718	3,358,151

2. Returns on Investments and Servicing of Finance

	2000 £	1999 £
Interest received	**67,914**	67,880
Interest paid	**(801,101)**	(711,999)
	(733,187)	(644,119)

3. Taxation

	2000 £	1999 £
Tax paid	-	-
Grant received	-	-
	-	-

Draft Cash Flow Statement
For the Year Ended 31 December 2000 (Continued)

4. Net Capital Expenditure	**2000**	1999
	£	£
Acquisition and construction of housing properties	**(5,438,627)**	(4,646,201)
Capital grants (repaid) received	**1,369,694**	2,128,587
Purchase of other tangible fixed assets	**(28,096)**	(201,912)
Surplus on sale of properties	**11,934**	57,364
	(4,085,095)	(2,662,162)

5. Financing	**2000**	1999
	£	£
Shares issued	**2**	40
Loans received	**2,986,788**	506,830
Loans repaid	**(254,637)**	(78,468)
Issue costs incurred	**(53,127)**	(11,604)
	2,679,026	416,798

6. Reconciliation to Net Cash Flow to Movement in Net Debt	**2000**	1999
	£	£
(Decrease)/Increase in cash in the period	**143,462**	468,668
Cash used to repay loans	**-**	-
Cash received from loans	**(2,732,151)**	(428,362)
Issue costs incurred	**53,127**	11,604
Change in net debt	**(2,535,562)**	51,910
Net debt at 1 January	**(8,771,728)**	(8,823,638)
Net debt at 31 December	**(11,307,290)**	(8,771,728)

Draft Cash Flow Statement
For the Year Ended 31 December 2000 (Continued)

7. Analysis of Changes in Net Debt

	At 1 January 2000 £	Cash Flows £	Other Changes £	At 31 December 2000 £
Cash and bank	1,510,976	143,462	-	1,654,438
Debt due within one year	(254,637)	-	(35,577)	(290,214)
Debt due after one year	(10,028,067)	(2,679,024)	35,577	(12,671,514)
	(8,771,728)	(2,535,562)	-	(11,307,290)

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice - "Accounting by Registered Housing Associations (SORP) the Housing Act 1996 and the Accounting Requirement for Registered Social Landlords General Determinations 1997 and 1998. A summary of the more important accounting policies is set out below.

a). Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting.

b). Turnover

Turnover represents rental income receivable, fees and grants receivable from local authorities and the Housing Corporation and other income.

c). Fixed assets and depreciation

Tangible fixed assets, except housing properties, are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets at the following annual rates:

Scheme Equipment	20% per annum on cost
Office Equipment	10% per annum on cost
Computers	20% per annum on cost
Motor Vehicles	25% per annum on cost
Office Freehold	2% per annum on building cost

d). Depreciation

Housing properties with the exception of freehold land are stated at cost less accumulated depreciation and capital grants. Depreciation is charged on a straight line basis over the expected economic useful lives of those properties over the following periods from the date of practical completion.

All Properties	100 years

The useful economic lives of all housing properties are reviewed annually. Properties under construction and shared ownership are not depreciated.

The Association carried out an impairment review on all properties.

e). Major repairs

Major repairs expenditure of a capital nature is capitalised in line with note 1(d).

Major repair expenditure of a revenue nature is reflected in the income and expenditure account together with any related grant funding.

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

1. Principal accounting policies (Continued)

f). Designated reserves

i) In accordance with the requirements of the SORP, the RSF Reinvestment fund has been reclassified as a Restricted Reserve. This is shown in note 16 as a transfer from Designated Reserves. Subsequent transfers from and to the Reinvestment fund shall represent major repairs expenditure and transfers from revenue reserve in accordance with Housing Corporation rules respectively.

ii). Amounts previously transferred to property equity account in respect of the internal funding of housing properties are shown as a separate designated reserve.

iii). An amount has been set aside in respect of employment initiatives through which it is hoped to create employment for local people including tenants.

g). Loan finance issue costs

These are written off evenly over the life of the related loan. Loans are stated in the Balance Sheet at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off.

h). Social Housing Grant (SHG)

Where developments have been financed wholly or partly by Social Housing Grant (SHG), the cost of those developments has been reduced by the amount of the grant received. SHG received for items of cost written off in the income and expenditure account are matched against those costs as part of turnover.

SHG is repayable in certain circumstances.

The net SHG received and not spent is included in current liabilities, taking into account all properties under construction.

i). Pension costs

The cost of providing retirement pensions and related benefits is charged to management expenses over the period benefiting from the employee's services. The company operates a defined benefit scheme.

j). Property managed by agents

Where the Association carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the income and expenditure account.

Where the agency carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Association.

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

2. Particulars of Turnover, Operating Costs and Surplus

	2000 Turnover £	2000 Operating Costs £	2000 Surplus/ (Deficit) £	1999 Turnover £	1999 Operating Costs £	1999 Surplus/ (Deficit) £
Income and expenditure from lettings						
Housing Accommodation	**3,936,393**	**3,144,524**	**791,869**	3,432,773	2,738,789	693,984
Supported housing/ special needs accommodation	**2,109,405**	**1,858,157**	**251,248**	1,914,257	1,882,569	31,688
	6,045,798	**5,002,681**	**1,043,117**	5,347,030	4,621,358	725,672
Other Income and expenditure						
Other	**172,320**	**268,082**	**(95,762)**	137,158	214,427	(77,269)
	6,218,118	**5,270,763**	**947,355**	5,484,188	4,835,785	648,403

3. Income and Expenditure from Lettings

	2000 Housing Accommodation £	2000 Supported Housing £	2000 Total £	1999 £
Income from lettings Activities				
Rent receivable of identifiable service Charges	**4,016,154**	**1,449,716**	**5,465,870**	4,979,321
Service charges receivable	**144,219**	**303,088**	**447,307**	218,090
Gross rents receivable	**4,160,373**	**1,752,804**	**5,913,177**	5,197,411
Less: Rent losses from voids	**(223,980)**	**(117,945)**	**(341,925)**	(322,266)
Net rents receivable	**3,936,393**	**1,634,859**	**5,571,252**	4,875,145
Topping up finance	**-**	**80,464**	**80,464**	154,333
Revenue grants received for major repairs	-	-	-	-
Revenue grants from the Housing Corporation		**360,760**	**360,760**	317,552
Other income		**33,322**	**33,322**	-
Total Income from Lettings	**3,936,393**	**2,109,405**	**6,045,798**	5,347,030
Expenditure on lettings activities				
Services	**113,591**	**302,172**	**415,763**	261,390
Management	**1,419,290**	**1,124,912**	**2,544,202**	2,842,578
Routine Maintenance	**1,462,428**	**315,743**	**1,778,171**	1,219,709
Rent losses from bad debts	**12,125**	**36,340**	**48,465**	21,590
Major repairs expenditure	**12,626**	**-**	**12,626**	71,331
Depreciation	**87,200**	**27,800**	**115,000**	-
Loss on Sale of Office	**37,264**	**-**	**37,264**	-
*Exceptional Depreciation	**-**	**51,190**	**51,190**	204,760
Total Expenditure on Lettings	**3,144,524**	**1,858,157**	**5,002,681**	4,621,358
Operating surplus on Letting Activities	**791,869**	**251,248**	**1,043,117**	725,672

Of the service charges receivable of £144,219 in respect of housing accommodation £142,777 is housing benefit eligible and £1,442 is housing benefit ineligible.

* Exceptional depreciation is in respect of Dobinson Road in Central Carlisle. The Association has written down the outstanding 20% of the cost of the scheme

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

4. Director Emoluments

	2000 £	1999 £
The aggregate emoluments paid to or receivable by the directors	**200,894**	191,134
The remuneration paid to the highest paid director (the Chief Executive) of the Association excluding pension contributions	**44,671**	43,370
The number of directors to whom emoluments (excluding pension contributions) were paid or payable during the period of account in the following bands:-		
£30,001 to £35,000	**4**	4
£40,001 to £45,000	**1**	1
	5	5
Total expenses re-imbursed to senior executives not chargeable to United Kingdom income tax.	**2,373**	3,664

The Chief Executive is an ordinary member of the pension scheme.

5. Employee Information

	2000	1999
The average weekly number of persons (including the Chief Executive) employed during the year was:	**No**	No
Full time	**79**	67
Part time	**40**	43
	119	110

	2000 £	1999 £
Staff Costs:		
Wages and salaries	**1,952,063**	1,805,336
Social security costs	**158,101**	136,384
Other pension costs	**140,588**	116,739
	2,250,752	2,058,459

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

6. Interest Receivable and Similar Income

	2000	1999
	£	£
Bank interest receivable	**67,913**	67,880

7. Interest Payable and Similar Charges

	2000	1999
	£	£
On bank loans, overdrafts and other loans: Repayable wholly or partly in more than 5 years by instalments	**801,056**	711,999

8. Surplus on Ordinary Activities before Taxation

	2000	1999
	£	£
Surplus on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation		
Tangible owned fixed assets	**267,402**	135,420
Exceptional Depreciation	**51,190**	204,760
Operating lease payments	**119,833**	133,531
Surplus on Disposal of other fixed assets	**37,264**	2,901
Auditors' Remuneration		
In their capacity as auditors	**8,813**	8,225
In respect of other services	**Nil**	4,223

9. Taxation

The Association has charitable status and is therefore exempt from UK Corporation Tax.

The Committee of Management know of no circumstances which will effect this taxation status in the future.

Impact Housing Association Limited

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

10. Tangible Fixed Assets

	Housing Properties Held for Lettings £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total Housing Properties £	Freehold Offices £	Furniture Equipment & Vehicles £	Computer Equipment £	Total Other Fixed Assets £
Cost								
At 1 January 2000	50,277,124	3,931,070	350,179	54,558,373	172,005	411,278	446,030	1,029,313
Completed in the Year	3,352,898	(3,352,898)	-					
Additions	103,103	5,601,578	-	5,704,681	-	79,048	21,048	100,096
Disposals	(266,054)	-	-	(266,054)	(72,000)	-	-	(72,000)
First tranche Proceeds	-	-	-		-	-	-	-
	-	-	-	-	-	-	-	-
At 31 December 2000	**53,467,071**	**6,179,750**	**350,179**	**59,997,000**	**100,005**	**490,326**	**467,078**	**1,057,409**
Depreciation and Impairment								
At 1 January 2000	204,760	-	-	204,760	-	229,550	206,938	436,488
Charged for Year	115,000	-	-	115,000	1,000	68,555	82,847	152,402
Impairment W/down	51,190	-	-	51,190	-			
Eliminated on Disposals	-	-	-	-	-	-	-	-
At 31 December 2000	**370,950**	**-**	**-**	**370,950**	**1,000**	**298,105**	**289,785**	**588,890**
SHG								
At 1 January 2000	38,036,006	1,543,130	208,324	39,787,460	-	-	-	-
Received in the Year	-	1,601,205	-	1,601,205	-	-	-	-
Completed in the Year	1,473,235	(1,473,235)	-	-	-	-	-	-
Disposals	(231,510)	-	-	(231,510)	-	-	-	-
At 31 December 2000	**39,277,731**	**1,671,100**	**208,324**	**41,157,155**	**-**	**-**	**-**	**-**
Net Book Value								
At 31 December 2000	**13,818,390**	**4,508,650**	**141,855**	**18,468,895**	**99,005**	**192,221**	**177,293**	**468,519**
At 1 January 2000	12,036,358	2,387,940	141,855	14,566,153	**172,005**	**181,728**	**239,092**	**592,825**

Housing Properties Comprise:

	£ 2000	£ 1999
Freehold land and building (NBV)	**17,836,895**	**13,960,152**
Leasehold (NBV)	**600,000**	**606,000**
Net Book Value	**18,436,895**	**14,566,152**

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

11. Debtors	**2000**	1999
	£	£
Rental debtors	**440,895**	399,293
Less: Provision for bad and doubtful debts	**(176,691)**	(165,300)
Net Rental Debtors	**264,204**	233,993
Revenue grants receivable	**-**	-
Sundry Debtors	**1,053**	52,613
Prepayments and other debtors	**133,835**	139,410
	399,092	426,016

12. Creditors: Amounts falling due within one year	**2000**	1999
	£	£
Housing Loans and Other Loans	**290,214**	254,637
Rent creditors	**109,945**	99,200
Trade creditors	**482,934**	431,133
Capital expenditure on housing properties	**311,474**	566,607
Accruals, deferred income and other creditors	**944,620**	926,960
	2,139,187	2,278,537

13. Creditors: Amounts falling due after more than one year	**2000**	1999
	£	£
Housing loans and Other Loans	**12,671,515**	10,028,067
Recycled Capital Grant Fund	**137,637**	85,909
Deferred Income (ERCF Grant)	**2,700,000**	1,587,000
	15,509,152	11,700,976

Loans from local authorities, building societies and banks are secured by specific charges on the Association’s housing properties and other assets.

The loans are repayable at varying rates of interest in instalments falling due as follows:-

	2000	1999
	£	£
Within one year	**290,214**	254,637
Between one and two years	**304,365**	261,061
Between three and five years	**1,051,988**	824,497
Greater than five years	**11,465,577**	9,039,798
	13,112,144	10,379,993
Less: Issue costs	**(150,416)**	(97,289)
	12,961,728	10,282,704

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

14. Called Up Share Capital

	2000	1999
	£	£
Allotted, issued and fully paid at 1 January 2000	**111**	71
Issued during the year	**2**	40
Forfeited during the year	**(-)**	(-)
Allotted, issued and fully paid at 31 December	**113**	111

15. Designated Reserves

	Designated Employment Initiative £	**Designated Property Equity £**	**Restricted Re-investment Fund £**	**Total £**
At 1 January 2000	48,807	1,346	612,302	662,455
Transfers from restricted Reserves	1,969	-	-	1,969
Transfers to revenue reserves	-	-	-	-
At 31 December 2000	**50,776**	**1,346**	**612,302**	**664,424**

16. Restricted Reserves

	Rent Surplus £
At 1 January 2000	244,957
Transfers from designated reserves	-
Transfer to designated reserve	
Transfers to revenue reserves	-
Transfers from revenue reserves	53,133
At 31 December 2000	**298,090**

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

17. Restricted Reserves

	Revenue Reserve £
At 1 January 2000	2,208,934
Surplus after reserves for the year	171,044
At 31 December 2000	**2,379,978**

18. Capital Commitments

	2000 **£**	1999 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**6,431,913**	2,691,995
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	**1,864,191**	6,559,743
	8,296,104	9,251,738

It is anticipated that the committed amount will be funded by grants and private finance.

19. Contingent Liabilities

There were no known contingent liabilities at 31 December 2000 (1999: £Nil).

20. Rent Surplus Fund

The surplus rental income for the year calculated in the manner determined under Section 55(3) of the Housing Act 1988 amounts to £59,037 (1999: £58,176)

21. Pension Obligations

The Association operates a defined benefit scheme for all salaried staff, the assets of which are held in a separate trustee administered fund.

The latest full valuation of that scheme was at 30 September 1999. The financial assumptions underlying the valuation are as follows:-

“The real rate of return on future contributions was 4% per annum, the real rate of salary increases 2% per annum, the real rate of pension increases 0.0% per annum and the rate of dividend growth 5% per annum.”

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

21. Pension Obligations(Continued)

At the date of the last valuation, the actuarial assessed market valuation of the scheme assets was £525 million. The valuation used the “projected unit credit” method. The valuation has revealed an actuarial deficit of £19 million (equivalent to a past service finding level of 97%). The employees ongoing future service contribution rate, after allowing for charges and benefits was 9.3% of pensionable salaries. In view of the past service shortfall all employers are required to contribute at the rate of 10.6% of pensionable salaries in order to bring the value of assets into balance.

22. Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Housing Corporation as a Registered Social Landlord as defined by the Housing Act 1996.

23. Revenue Social Housing Grant

Social Housing Grant received to date and dealt with in the income and expenditure account is £360,760 (1999 : £317,552)

24. Operating Leases

The Association holds properties and office equipment under non-cancellable operating leases. At 31 December 2000 the Association had annual commitments under these leases as follows:-

	2000	1999
	£	£
Leases expiring within one year	**39,743**	-
Leases expiring in two years within five years	**58,134**	39,743
Leases expiring after one year with two years	**54,647**	112,781

25. Units/Bedspaces	**2000**	1999
	£	£
The Association had the following units in management at 31 December:-		
Housing accommodation	**1,950**	1,890
Supported Housing	**142**	142
Shared Ownership	**15**	15
Managed by agents	**255**	243
	2,362	2,290

Draft Notes to the Financial Statements
For the Year Ended 31 December 2000 (Continued)

26 Accommodation Managed by Agents

The Association had the following units managed by agents at the end of the financial year.

	2000	1999	SHMG Payable (2000)
	£	£	£
Name of Body			
Croftlands	**50**	50	21,321
Glenmore	**32**	32	11,032
Mental Health Matters	**28**	28	38,189
Westhouse	**58**	56	-
Allerdale MIND	**6**	6	-
CASS	**43**	33	108,752
Oaklea Trust	**14**	14	-
Making Space	**5**	5	10,750
Turning Point	**19**	19	5,256
	255	243	195,300

27. Average Assured Rents

	2000	1999
	£	£
Average assured rents increased by 2.6% on previous year	**48.05**	46.83

28. Sale of Properties not developed for outright sale

	Shared Ownership First Tranche	Shared Ownership Further Tranches	Others	Total 2000	Total 1999
	£	£	£	£	£
Proceeds of sales	-	-	**182,687**	**182,687**	116,275
Less: Costs of sales	-	-	**170,753**	**170,753**	58,911
	-	-	**11,934**	**11,934**	57,364

29. Related Parties

Tenants do not receive any advantages from being on the Board of Management.