

**East/North East Homes Leeds Limited**

Report and Financial Statements

Year Ended

31 March 2011

**Company Number 06031596**

# East/North East Homes Leeds Limited

Report and financial statements  
for the year ended 31 March 2011

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## Directors

Councillor G Hyde  
Councillor G Wilkinson  
P Marshall  
A Fixter  
K Wray  
J Hourigan  
E Dean  
S Wilson  
P Thorpe  
M Lillywhite  
R Grahame

## Secretary and registered office

SJ Hunt, Tribeca House, 71 Roundhay Road, Leeds, LS7 3BE

## Company number

06031596

## Auditors

BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

## Bankers

Natwest Bank PLC, PO Box 183, 8 Park Row, Leeds, LS1 1QT

## Solicitors

Trowers & Hamblins, Sceptre Court, 40 Tower Hill, London, EC3N 4DX

# East/North East Homes Leeds Limited

## Statement from the Chair for the year ended 31 March 2011

It gives me great pleasure in reporting that we have had another successful year both operationally and financially for East/North East Homes Leeds Limited (ENEHL). The year has resulted in several highlights commemorating the standard of service we provide to our tenants. We have achieved a good financial position which places the Company in a strong position to meet future financial pressures, national recognition for the quality of our service and our controlling member, Leeds City Council ('the Council') have confirmed the continuation of the existing ALMO structure which will take us up to the end of 2012/13 when our current management arrangement expires.

'Decent Homes' was a major target for 2010 and I am pleased to say that we managed to achieve over 96% of our properties being brought up to the Decent Homes Standard set by the Government. However, we realise that further work is required and during 2011/12 we will continue work to bring the remaining properties up to the Standard as well as maintaining the Standard for all other properties. Having completed the programme the Board has agreed that our priorities will now be to tackle crime and grime in our area as well as working to improve opportunities for local people to enter education, employment or training. This is an area we feel extremely excited about. We recognise that we are not just a housing provider but an integral part of the community and it is to this end that the Board and staff teams of ENEHL are working towards some truly local goals.

During the year we received accreditation from the Tenant Participation Advisory Service (TPAS), Committed to Equality (C2E) Gold Standard, Considerate Constructor and Contractors Health and Safety (CHAS) accreditation. We were also short-listed for a Chartered Institute of Housing (CIH) award for our approach to Zero Based Budgeting which helped us to deliver further efficiencies during 2010/11 and contributed to our improved financial position.

We have also recently welcomed colleagues from Mears Limited and Lovell Partnerships Limited who joined ENEHL following our decision to take all the repairs service back 'in-house' due to the volatile condition of the construction market. We have completed a review of our construction services and have undergone a programme of modernisation and change. The construction teams have been an integral part of this and work continues. We have also commissioned a repairs pilot which looks at reviewing the way we complete repairs from start to finish as our aim, as always, is to improve customers' experience and this is an area that we know we have a great deal of work to do.

Financially we ended the year with an increased surplus to transfer to reserves, partly due to the delivery of another £2.6m of efficiency savings. We will utilise these reserves to meet our ongoing financial requirements over the coming years as well as funding additional improvement works to the properties we manage.

Longer term there is still uncertainty as to how the 'self financing' reform of the Housing Revenue Account will impact on Leeds and we are working closely with the Council to understand the financial implications. We are also supporting investment planning work as we develop a better understanding of post Decent Homes maintenance and improvement requirements for the Council's housing stock and how available financial resources will impact on our ability to meet those requirements.

It would not be possible to achieve what we do as an organisation without the dedication of staff and I would personally like to extend my appreciation to all of my colleagues. I would like to make particular reference to the Senior Teams, Steve Hunt and the Directors who have been a pleasure to work with. I would also like to extend my thanks to my Board colleagues for their support, time and tireless energy they give me and the organisation. Once again we are pleased to celebrate another successful year whilst recognising some of the challenges ahead.



Angelena Fixter  
Chair East/North East Homes Leeds Limited

4 August 2011

# East/North East Homes Leeds Limited

## Report of the directors for the year ended 31 March 2011

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The Directors present their report and accounts for the year ended 31 March 2011.

### Activities of the company

East/North East Homes Leeds Limited (ENEHL) is a private company limited by guarantee, registered in England and Wales (Registration number 06031596) and wholly controlled by Leeds City Council ('the Council'). East/North East Homes Leeds Limited commenced trading on 1 April 2007.

The Company has a Board of Management comprising 12 Directors and provides services specified in the approval from the Secretary of State under Section 27 of the Housing Act 1985 as detailed in the Management Agreement with the Council and for which it receives an annual Management Fee.

The Board of East/North East Homes Leeds Limited acknowledge their ultimate responsibility for ensuring that the company has in place a system of controls that are appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurances with respect to:

- The reliability of financial information used within the Company or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposal.

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 mis-statement or loss. The system of financial controls include the following key elements:

- A Statement on Internal Control which sets out formal policies and procedures which are in place, including the documentation of key systems and rules which allow the monitoring of controls, restricts unauthorised use of the Company's assets and ensures that proper records are kept;
- An Assurance Framework and Audit Universe and Plan delivered by the Council's Internal Audit Division which sets out a programme of audit for services and systems.
- Experienced and suitably qualified staff take responsibility for important business functions. Annual Personal Appraisal and Development procedures and reviews for employees have been established to maintain standards of performance;
- Written Financial Procedures and Standing Orders including a Scheme of Delegation and Contract Procedure Rules;
- A Risk Management Framework including a Risk Register in which all risks are identified and through which appropriate controls are put in place. The ENEHL Audit Committee act as the Risk Management Committee for the Company;
- Forecasts and Budgets are prepared which allow the Board and managers to monitor financial risk and objectives, and to monitor progress towards financial plans set for the year and the medium term. Regular management accounts are prepared promptly, which provide relevant, reliable and up-to-date financial and other information and which identify significant variance from budgets which are investigated as appropriate;

# East/North East Homes Leeds Limited

## Report of the directors for the year ended 31 March 2011 (*continued*)

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### Activities of the company (*continued*)

- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through either the Council, the ENEHL Board, the Sub-Committees or senior managers of the Company;
- The Board receives reports from managers, and from internal and external auditors in order 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 Company;
- A full range of insurances, including a Fidelity Guarantee, are in place to safeguard assets and the Company's interests.

The Board is of the opinion that the Company has in place suitable internal financial controls, that appropriate and adequate accounting records are maintained, that the assets of the Company are safeguarded and that reasonable steps have been taken to prevent and detect fraud and other irregularities.

### Review of the business

Board were pleased to note another successful year financially for the Company in 2010/11 with a net surplus of £10,546,587. Although this surplus does include an unexpected past service gain in relation to FRS17 pension costs for the year of £6,024,000, the surplus excluding this FRS17 gain was a significant improvement on the budgeted position and was largely due to the drive to embed a Value For Money Culture across the Organisation. The impact of which was the delivery of total efficiency savings of £2,631,000 across the Company. This significant surplus resulted in net reserves of £7,434,623 being available to carry forward into 2011/1, once the FRS17 adjustments have been taken into account.

Within this position, several reserves have been earmarked for management purposes in the sum of £4,131,000 to target specific service improvements over the next two years in line with our tenant's aspirations.

### Principal risks and uncertainties

The current economic climate and the announcements of cuts in public expenditure, together with the impact of negative housing element subsidy, reduced land sale values and the instability in financial markets, all continue to be a concern to the Company, as all of these factors have a major bearing on the Management Fee paid or on miscellaneous income received. At a national level we await the outcomes of the financial review of housing subsidy and the implications this may have on the financial position of the Company. Reductions in 'SCA Windfall Subsidy' will also have a significant financial impact in the future. At a local level, a full review of the provision of support services across the three Leeds ALMOs has resulted in the development of a shared services provider which will be established during 2011. The East/North East Homes Leeds Limited Business Plan and Risk Register incorporate all of these risks which ensures that the Company is taking a proactive approach to managing key risks and identifying actions to mitigate those risks.

In order to mitigate some of the uncertainties within East/North East Homes Leeds Limited, budgets are set on a yearly basis, with a 20 year Business Plan underpinning the position. A robust Zero Based Budget Setting process and fully devolved budget monitoring is well established on a monthly cycle to ensure that spend does not exceed budget provision. A Value for Money ethos is embedded across the Company which ensures that efficiency savings are generated on an ongoing basis to relieve some of the external financial pressures on the Company.

### Financial instruments

The Company has no borrowings and, other than in the respect of the pension liability recognised under FRS 17, has no liabilities other than those arising out of normal trading. Cash balances are held in the form of a current bank account to ensure there are sufficient funds available for operations.

# East/North East Homes Leeds Limited

## Report of the directors for the year ended 31 March 2011 (continued)

### Directors

The Directors who served during the period are as follows:

	Date of Appointment	Date of Resignation
A Fixter	29 January 2007	
N Fraser	29 January 2007	3 February 2011
K Wray	29 January 2007	
P Marshall	29 January 2007	
Cllr G Hyde	29 January 2007	
Cllr P Wadsworth	29 January 2007	31 May 2010
R Courtney	29 January 2007	3 February 2011
Cllr G Wilkinson	29 January 2007	
Cllr D Hollingsworth	29 January 2007	31 May 2010
J Hourigan	08 February 2007	
Dr A Sesay	08 February 2007	8 December 2010
M Moon	10 December 2009	8 December 2010
Cllr R Brett	12 August 2010	5 May 2011
Cllr R Grahame	31 May 2010	
S Wilson	3 February 2011	
E Dean	3 February 2011	

### Directors' responsibilities

The Directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

# East/North East Homes Leeds Limited

Report of the directors  
for the year ended 31 March 2011 (*continued*)

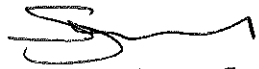
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## Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board  
Stephen James Hunt  
Company Secretary



4<sup>th</sup> Aug 2011

Date

# East/North East Homes Leeds Limited

## Independent auditor's report for the year ended 31 March 2011

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### To the member of East/North East Homes Leeds Limited

We have audited the financial statements of East/North East Homes Leeds Limited for the year ended 31 March 2010 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### *Scope of the audit of the financial statements*

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

### *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 2011 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.

# East/North East Homes Leeds Limited

## Independent auditor's report for the year ended 31 March 2011 (continued)

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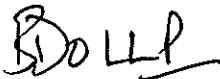
### *Opinion on other matters prescribed by the Companies Act 2006*

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

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

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

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



Paul Davies (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Leeds  
United Kingdom

Date 5 August 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# East/North East Homes Leeds Limited

## Income and expenditure account for the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	3	43,119,575	43,477,571
Operating costs		<u>(27,592,042)</u>	<u>(35,766,004)</u>
Operating surplus	4	15,527,533	7,711,567
Interest receivable and similar income	7	148,554	41,706
Interest payable and similar charges	8	<u>(5,090,556)</u>	<u>(5,475,391)</u>
Surplus on ordinary activities before taxation		10,585,531	2,277,882
Taxation	9	<u>(38,945)</u>	<u>(8,782)</u>
Retained surplus for the year	15	<u>10,546,586</u>	<u>2,269,100</u>

All amounts relate to continuing activities.

The notes on pages 12 to 23 form part of these financial statements.

# East/North East Homes Leeds Limited

## Statement of total recognised gains and losses for the year ended 31 March 2011

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	Note	2011 £	2010 £
Surplus for the financial year	15	10,546,586	2,269,100
Actuarial gains/(losses) on defined benefit scheme	15	5,457,000	(14,542,000)
<b>Total recognised gains/(losses) for the financial year</b>		<b>16,003,586</b>	<b>(12,272,900)</b>

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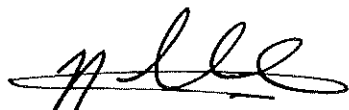
The notes on pages 12 to 23 form part of these financial statements.

# East/North East Homes Leeds Limited

Balance sheet  
at 31 March 2011

<i>Company Number 06031596</i>	Note	2011 £	2010 £
<b>Current assets</b>			
Stock	10	90,862	90,144
Debtors	11	2,255,320	606,760
Cash at bank and in hand		21,366,987	17,594,847
		<u>23,713,169</u>	<u>18,291,751</u>
<b>Creditors: amounts falling due within one year</b>	12	<b>(7,377,634)</b>	<b>(7,103,118)</b>
<b>Provision for liabilities and charges</b>	13	<b>(25,912)</b>	<b>(247,596)</b>
		<u>16,309,623</u>	<u>10,941,037</u>
<b>Net assets excluding pension liability</b>			
Pension liability	14	(8,875,000)	(19,510,000)
		<u>7,434,623</u>	<u>(8,568,963)</u>
<b>Net assets/(liabilities) including pension liability</b>			
<b>Reserves</b>			
Income and expenditure account	15	7,434,623	(8,568,963)
		<u>7,434,623</u>	<u>(8,568,963)</u>

The financial statements were approved by the Board and authorised for issue on 4 August 2011.



Angelena Fixter  
Chairman

The notes on pages 12 to 23 form part of these financial statements.

# East/North East Homes Leeds Limited

## Cash flow statement for the year ended 31 March 2011

	Note	2011 £	2010 £
<b>Net cash flow from operating activities</b>	17	8,444,900	8,748,823
<b>Returns on investments and servicing of finance</b>			
Interest paid		(4,812,556)	(4,979,391)
Interest received		148,554	41,706
		<u>                    </u>	<u>                    </u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(4,664,002)</b>	<b>(4,937,685)</b>
<b>Taxation</b>			
Corporation tax paid		(8,758)	(110,451)
		<u>                    </u>	<u>                    </u>
<b>Increase in cash</b>	18,19	<b>3,772,140</b>	<b>3,700,687</b>

The notes on pages 12 to 23 form part of these financial statements.

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011

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## 1 Company status

East/North East Homes Leeds Limited is a Company wholly owned by Leeds City Council. The company is limited by guarantee. The guarantors are listed in the company's Register of Members. The liability in respect of the guarantee, as set out in the memorandum, is limited to £1 per member of the Company.

## 2 Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### *Fixed Assets*

The Company has no fixed assets. Office premises, equipment and vehicles are owned by Leeds City Council and are used by the Company under a management agreement.

### *Stock*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

### *Turnover*

Turnover represents fees payable from Leeds City Council and other income from operating activities.

### *Repair costs*

Costs of repairs and other projects are recognised on an accruals basis.

### *Leased Assets*

Operating lease rentals are charged to the income and expenditure account on a straight-line basis over the term of the lease.

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (continued)

## 2 Accounting policies (continued)

### *Pension costs*

Contributions to the Company's defined contribution pension scheme are charged to the income and expenditure account in the period in which they become payable.

The difference between the fair value of the assets held in the Company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Company are charged to the income and expenditure account or the statement of total recognised gains and losses in accordance with FRS17 'Retirement benefits'.

### *Related party disclosure*

Certain members of the Board are tenants in properties owned by the parent undertaking, Leeds City Council. These tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

## 3 Turnover

Turnover principally represents amounts invoiced to Leeds City Council for the provision of housing management services during the period. Turnover is recognised in the period to which the management services are provided.

## 4 Operating surplus

	2011 £	2010 £
This has been arrived at after charging or (crediting):		
Auditors' remuneration:		
- audit of the financial statements of the Company	14,000	14,750
- non audit services	3,000	-
The defined benefit pension cost comprises the following:		
- current service cost	1,712,000	1,017,000
- past service cost	(6,024,000)	115,000
- curtailment surplus	-	(233,000)

## East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

5 Employees	2011 £	2010 £
Staff costs consist of:		
Wages and salaries	6,647,363	7,524,436
Social security costs	501,761	566,768
Other pension costs	680,057	737,226
FRS17 pension charge	(4,312,000)	899,000
	3,517,181	9,727,430
	3,517,181	9,727,430
The average number of employees, including directors, during the year was 383 (2010 – 443).		
6 Directors	2011 £	2010 £
Director's emoluments	8,750	8,873
	8,750	8,873
	8,750	8,873
7 Interest receivable and similar income	2011 £	2010 £
Bank interest	148,554	41,706
	148,554	41,706
	148,554	41,706
8 Interest payable and similar charges	2011 £	2010 £
Interest payable to Leeds City Council	4,812,556	4,979,391
Interest on pension scheme liabilities	2,886,000	2,215,000
Expected return on pension scheme assets	(2,608,000)	(1,719,000)
	5,090,556	5,475,391
	5,090,556	5,475,391

## East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

9 Taxation	2011 £	2010 £
Current tax on profits of the year	38,945	8,758
Adjustments in respect of previous period	-	24
	38,945	8,782
Tax charge for the year	38,945	8,782
<p>Only income on bank deposits is assessable to tax. The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:</p>		
	2011 £	2010 £
Surplus on ordinary activities before tax	10,585,531	2,277,882
	2,963,949	478,355
Surplus at standard rate of corporation tax in the UK of 28% (2010 - 21%)	(12,073,481)	(9,130,290)
Income not subject to corporation tax	9,151,127	8,660,693
Expenses not deductible for corporation tax	(2,650)	-
Effect of marginal relief	-	24
Over provision in respect of prior year	38,945	8,782
Current tax charge for the period	38,945	8,782
<p>10 Stocks</p>		
	2011 £	2010 £
Consumables	90,862	90,144
	90,862	90,144

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

11 Debtors	2011 £	2010 £
Amounts due from Leeds City Council	1,276,361	283,959
Amounts due from fellow subsidiaries	56,945	36,340
Other debtors	796,824	202,867
Prepayments	125,190	83,594
	2,255,320	606,760

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year	2011 £	2010 £
Amounts due to Leeds City Council	3,535,964	3,493,140
Amounts due to fellow subsidiaries	14,415	29,092
Corporation tax	38,945	8,758
Other taxation and social security	353,191	556,894
Other creditors	9,696	7,350
Accruals	3,425,423	3,007,884
	7,377,634	7,103,118

13 Provision for liabilities and charges	Redundancy £
At 1 April 2010	247,596
Released to income and expenditure account	(33,743)
Utilised in the year	(187,941)
	25,912
At 31 March 2011	

Provision for redundancy costs relate to the planned restructure of the organisation in 2010/11 which was announced before the year end, with the final utilisation of the remaining provisions for redundancy on restructure anticipated in 2011/12.

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

## 14 Pension

### *Local government pension scheme*

East/North East Homes Leeds Limited is a scheduled employer of the West Yorkshire Pension Fund. The Company entered into the scheme upon TUPE transfer of its staff from Leeds East Homes Limited and Leeds North East Homes Limited on 1 April 2007.

The West Yorkshire Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. It is the Company's intention to continue to contribute towards the scheme at the recommended contribution rate in future years.

A full valuation of the pension scheme was carried out as at 31 March 2010 and updated at 31 March 2011 on an FRS 17 basis.

Following the UK Government's announcement on 22 June 2010, the inflation index to be used to derive statutory pension increases has been changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). Due to a number of differences between the indices, the CPI inflation measure is expected to be less than RPI over the long term, which means that the liabilities have reduced. The directors consider this policy change constitutes a change to the constructive obligation to provide certain benefits to scheme members, giving rise to the recognition of a past service cost.

### *Reconciliation of present value of plan liabilities*

	2011 £'000	2010 £'000
At the beginning of the year	55,589	31,418
Current service cost	1,712	1,017
Interest cost	2,886	2,215
Actuarial (gains)/losses	(3,093)	22,275
Benefit transfers paid	(1,056)	(1,789)
Past service costs	(6,024)	115
Member contributions	541	571
Curtailements	-	(233)
	50,555	55,589

### *Composition of plan liabilities*

	2011 £'000	2010 £'000
Schemes wholly or partly funded	50,555	55,589

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

## 14 Pension *(continued)*

### *Reconciliation of fair value of plan assets*

	2011 £'000	2010 £'000
At the beginning of the year	36,079	26,685
Expected rate of return on plan assets	2,608	1,719
Actuarial gains	2,364	7,733
Contributions by company	1,122	1,138
Member contributions	541	571
Benefits paid	(1,034)	(1,767)
	41,680	36,079

### *Reconciliation to balance sheet*

	2011 £'000	2010 £'000
Present value of funded obligations	(50,555)	(55,589)
Fair value of plan assets	41,680	36,079
	(8,875)	(19,510)

*The amounts recognised in the income and expenditure account are as follows:*

	2011 £'000	2010 £'000
<i>Included in administrative expenses:</i>		
Current service cost	1,712	1,017
Past service costs	(6,024)	115
Curtailement loss	-	(233)
<i>Included in other finance (income)/expense:</i>		
Interest cost	2,886	2,215
Expected return of plan assets	(2,608)	(1,719)
	(4,034)	1,395

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

## 14 Pension *(continued)*

*Analysis of amount recognised in statement of total recognised gains and losses*

	2011 £'000	2010 £'000
Actual return less expected return on pension plan assets	2,364	7,733
Experience gains and losses arising on the scheme liabilities	3,093	(22,275)

Actuarial gains/(losses) recognised in the statement of total recognised gains and losses

	5,457	(14,542)
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	2011 £'000	2010 £'000
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*Cumulative amount of gains/(losses) recognised in the statement of total recognised gains and losses*

	(10,729)	(16,186)
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*Composition of plan assets*

	2011 £'000	2010 £'000
Equities	30,593	25,832
Government bonds	4,876	4,401
Other bonds	1,584	1,227
Property	1,459	1,227
Cash	709	1,227
Other	2,459	2,165
	41,680	36,079
	41,680	36,079

*Overall expected rate of return of assets*

Overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class.

	2011 £'000	2010 £'000
<i>Actual return on plan assets</i>	4,972	9,452

# East/North East Homes Leeds Limited

## Notes forming part of the financial statements for the year ended 31 March 2011 *(continued)*

### 14 Pension *(continued)*

	2011 %	2010 %
<i>Principle actuarial assumptions used at the balance sheet date</i>		
Discount rates	5.4	5.6
Expected rates of return on plan assets:		
- Equities	8.4	8.0
- Government bonds	4.4	4.5
- Other bonds	5.1	5.5
- Property	7.9	8.5
- Cash	1.5	0.7
- Other	8.4	8.0
Future salary increases	5.2	5.75
Future pension increases	2.8	4.0
Inflation assumption	2.8	4.0

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The average life expectancy in years of a pensioner retiring at the age of 65 at 31 March 2011 is as follows:

Male	21.9	21.8
Female	24.0	25.4

The average life expectancy in years of a pensioner retiring at the age of 65, 20 years after 31 March 2011 is as follows:

Male	23.7	24.1
Female	26.0	27.9

<i>History</i>	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of the plan liabilities	(50,555)	(55,589)	(31,418)	(37,584)
Fair value of the plan assets	41,680	36,079	26,685	31,971
	<hr/>	<hr/>	<hr/>	<hr/>
Deficit on the pension plans	(8,875)	(19,510)	(4,733)	(5,613)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Experience adjustments arising on:</i>				
Plan assets	2,364	7,733	(8,715)	(1,850)
Plan liabilities	3,093	(22,275)	10,329	(1,919)
	<hr/>	<hr/>	<hr/>	<hr/>

The company's best estimate of the contributions expected to be paid in the year beginning on 1 April 2011 is £1,063,000 (2010 - £1,137,000).

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

## 15 Reserves

	Income and Expenditure Account 2011 £	Income and Expenditure Account 2010 £
(Deficit)/surplus at 1 April	(8,568,963)	3,703,937
Retained surplus for the year	10,546,586	2,269,100
Actuarial gains/(losses) on defined benefit pension scheme	5,457,000	(14,542,000)
	7,434,623	(8,568,963)
Surplus/(Deficit) as at 31 March	7,434,623	(8,568,963)

## 16 Related party transactions

East/North East Homes Leeds Limited's main source of income is a management fee for the management of Leeds City Council's housing stock. Balances due from and to Leeds City Council are disclosed in note 11 and 12.

Income:

	2011 £	2010 £
Management fee	27,355,690	27,056,930
Subsidy windfall income	10,266,830	10,266,810
Incentive from trading	632,388	325,786
District heating	67,000	64,941
Paralegal	-	17,660
	38,321,908	37,732,127
	38,321,908	37,732,127

Other purchased services from Leeds City Council:

	2011 £	2010 £
Repairs and maintenance	1,189,809	1,297,790
Cleaning agency	1,121,852	1,119,438
Other services	9,422,626	9,742,205
	11,734,287	12,159,433
	11,734,287	12,159,433

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (continued)

## 16 Related party transactions (continued)

Certain members of the Board are tenants in properties owned and maintained by the parent undertaking, Leeds City Council. These tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

At 31 March 2011, East/North East Homes Leeds Limited had the following balances owing to/from other related ALMO's:

	2011 £	2010 £
<b>Amounts owed by:</b>		
Aire Valley Homes Leeds Limited	56,706	-
West North West homes Leeds Limited	-	29,092
BITMO	239	-
<b>Amounts owed to:</b>		
Aire Valley Homes Leeds Limited	14,415	36,340

## 17 Reconciliation of operating surplus to net cash inflow from operating activities

	2011 £	2010 £
Operating surplus	15,527,533	7,711,567
Decrease in provisions	(221,684)	(72,904)
Pension adjustment under FRS 17	(5,456,000)	(261,000)
Increase in stock	(718)	(17,311)
(Increase)/decrease in debtors	(1,648,560)	695,629
Increase/(decrease) in creditors	244,329	692,842
<b>Net cash inflow from operating activities</b>	<b>8,444,900</b>	<b>8,748,823</b>

# East/North East Homes Leeds Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 18 Reconciliation of net cash inflow to movement in net funds

	2011 £	2010 £
Increase in cash in the period	3,772,140	3,700,687
	3,772,140	3,700,687
Movement in net funds in the period	3,772,140	3,700,687
Opening net funds	17,594,847	13,894,160
	21,366,987	17,594,847
Closing net funds	21,366,987	17,594,847

## 19 Analysis of net funds

	At 31 March 2010 £	Cash Flow £	At 31 March 2011 £
Cash in hand and at bank	17,594,847	3,772,140	21,366,987
	17,594,847	3,772,140	21,366,987

## 20 Ultimate parent company

At 31 March 2011 the Company's ultimate parent was Leeds City Council. Leeds City Council accounts include the results of East/North East Homes Leeds Limited. East/North East Homes Leeds Limited accounts are not consolidated in any other financial statements.

Copies of the consolidated financial statements of Leeds City Council are available on the Leeds City Council website: [www.leeds.gov.uk](http://www.leeds.gov.uk).