

**EASTBOURNE HOMES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2017**

# EASTBOURNE HOMES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	<i>Independent</i>	Roger Eastwood (Chair) Allen Gales Mary Hope Pamela Pearce	
	<i>Council</i>	Patricia Hearn Raymond Blakebrough Katherine Ballard nee Smethers Katherine Ballard Jonathan Dow Colin Swansborough	(Resigned 21 July 2016) (Resigned 10 October 2016) (Resigned 19 January 2017) (Appointed 28 February 2017) (Resigned 17 May 2017) (Appointed 17 May 2017)
	<i>Tenant</i>	Sheilah Roberts (Vice-Chair) Hubert Benjamin Candy Vaughan Michael Hanlon	
<b>Executive Team</b>		Ian Fitzpatrick (Managing Director) Alan Osborne (Chief Finance Officer)	
<b>Secretary</b>		J K R McCarthy-Penman	
<b>Company number</b>		05340097	
<b>Registered office</b>		1 Grove Road Eastbourne East Sussex BN21 4TW	
<b>Auditor</b>		RSM UK Audit LLP Chartered Accountants Marlborough House Victoria Road South Chelmsford Essex CM1 1LN	
<b>Bankers</b>		Lloyds Bank plc City Office PO Box 1000 Gillingham BX1 1LT	

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# **EASTBOURNE HOMES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their annual report and consolidated financial statements for the year ended 31 March 2017.

#### **Principal activities**

The Group's principal activities are to manage, maintain and improve the housing stock on behalf of Eastbourne Borough Council (EBC). The Parent Company was established as an Arms Length Management Organisation (ALMO) in accordance with a Government policy initiative for local authority housing management. This is the eleventh year that the Company has reported its results and the third time it has consolidated its subsidiary undertaking of South East Independent Living Limited. The principal activity of its subsidiary at present is the delivery of a short term housing floating support service for people 65 and over who live in Eastbourne, Lewes or Wealden districts.

#### **Legal status**

Eastbourne Homes Limited (EHL) is a Company limited by guarantee without share capital and is controlled by Eastbourne Borough Council (EBC). It is governed by a Board of Directors and began trading on 1 April 2005. At 31 March 2017 there were 10 directors, with 2 vacancies. Each Board Director has a liability to pay £1 should EHL be wound up.

South East Independent Living Limited (SEILL), a private limited company, was incorporated on 30 September 2013. This company is wholly owned by EHL. This is the Group's third consolidated financial statements.

#### **Results and dividends**

The results for the year are set out on page 8.

#### **Future developments**

The Board expects that the Group will continue to provide management services in line with the Management Agreement. The 2017/18 Annual Service and Financial Plan and the 2013/18 medium-term Business Plan have both been agreed by EBC and published. During this time EHL will be focused upon service delivery to residents and value for money to EBC.

The Board has agreed that all remaining employees of the company will be transferred to Eastbourne Borough Council (EBC) to align with the single employer model adopted by EBC and Lewes District Council (LDC). All services to Eastbourne Homes Limited will be provided by the single staff pool. As a result the Company's participation in the Local Government Pension Scheme (LGPS) will cease. The Actuary has advised that this can happen at nil cost to EHL and liabilities will be met on a fully funded basis as the assets and liabilities are currently of equal value. The target transfer date is August 2017.

#### **Control environment**

The Board acknowledges that it has overall responsibility for establishing, maintaining and reviewing adequate systems of internal control. Its activities are in accordance with the contract with EBC and the legislative requirements. A number of Committees have been constituted with appropriate terms of reference and delegated authority. The process of identifying and evaluating risk is ongoing. Key elements include:

- Risk Management Policy, Strategy and annual review of risk register
- Robust Business Planning
- Risk based Internal Audit Programme
- Monthly Performance Monitoring
- Budget planning monthly monitoring and future forecasting
- Business Continuity Management Plan (BCMP)

#### **Financial instruments**

EHL's operations have limited financial risk. EHL operates solely in the UK, maintains a current bank account and short term treasury deposits of less than 12 months plus a sweeping arrangement to a deposit account for excess cash. It does not have a bank overdraft facility or any loans.

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

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# EASTBOURNE HOMES LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2017

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#### **Board directors, committees and the executive team**

The Board Directors and Executive Team that served during the period are listed on the contents page. The Board Directors are drawn from a wide range of commercial, professional and community expertise and regularly assess their collective skills against those required to exercise proper governance over the Group. The Board is constituted as follows; four seats for Independent Directors, selected by interview from the local community; four seats for Directors nominated by EBC and four seats are Directors that are also selected from the local community. As at 31 March 2017, there were 2 vacancies. All are subject to annual Appraisal and retire in accordance with Sections 14, 15 and 16 of the Company's Articles of Association to ensure that a balance between experience and new ideas is maintained.

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

Two Committees report to the Board; Service and Performance Committee and Audit and Risk Committee. Both committees have delegated powers and meet on a quarterly basis.

Neither the Board Directors nor Executive Team has any financial interest in EHL.

Insurance policies are in place to indemnify the Board and Executive Team against liability when acting for the Company. A section on dealing with conflicts of interest forms part of the secondment arrangements in respect of the Chief Finance Officer.

#### **Remuneration**

In December 2015 the Board along with the member resolved to remunerate the Chair of the Board the sum of £3,510 per annum.

This decision was made as the role of the Chair has since grown in terms of its responsibility, and many ALMO's have diversified since 'decent homes'. Over time, EHL has undertaken significant development work on behalf of EBC and floating support services via SEILL; as well as entering into a phase of partnership working with other LA's. The Chair of EHL also holds the positions of:

- Director of South East Independent Living Limited (EHL's subsidiary)
- Director of Eastbourne Housing Investment Company (EBC's asset holding company)

The Board agreed to make this payment from September 2015 and backdate it accordingly. The position of Chair is appointed following the annual September AGM.

The remaining Board members, in accordance with current guidance, can claim for out of pocket expenses or loss of earnings.

The Executive Team are employed on the same terms and conditions as the other staff.

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

#### **Employees**

The Group communicates its corporate objectives and commitments through regular staff meetings, early morning training, core brief updates to staff and one to one meetings. As a customer focused organisation that engages regularly with stakeholders, EHL's ability to meet these objectives depends on the continued commitment of its staff. All staff members have an annual performance and development review that sets out performance targets from the Annual Service and Financial Plan together with training and development needs. Each staff member's performance is regularly reviewed and encouraged at one to one meetings with their line manager.

Eastbourne Homes' mission is:

- to provide and develop excellent value for money services which innovate and respond to the aspirations of all

Our vision is one of:

- being the partner of choice, creating communities and homes where people are proud to live

# EASTBOURNE HOMES LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2017

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#### Key operational performance indicators

Operational performance is measured against the Annual Service and Financial Plan agreed between Eastbourne Homes Limited and Eastbourne Borough Council (EBC) annually. The internal performance indicators are tracked monthly and reported to the Strategic Leadership Team (SLT) and the Service and Performance Committee of the Board, quarterly. Those affecting finance can be measured in three main areas; rent collection, repairs and void loss.

During 2016/17 the Group:

- have seamlessly introduced new contracts for our repairs service and gas maintenance and achieved savings in both
- have made significant progress with the assistance of the Leasehold Panel, delivered the initial leasehold Service Improvement Plan (SIP) and established a new plan
- have successfully delivered our major works programme and designed programmes for future years

#### Principal risks and opportunities

The Group's primary source of income is from EBC under a Management Agreement that operated during the year. The management fee is funded from the Council's ring fenced Housing Revenue Account (HRA). Following consultation with stakeholders the chosen option was 'A Partnership between the ALMO and the Council'. The Council's Cabinet agreed in July 2014, a 20-year Management Agreement. Approval by the Secretary of State was subsequently granted on 14 May 2015.

The Housing and Planning Act 2016 encompasses some major challenges for the Council's HRA and the Company will be working with partners in order to help mitigate risks and maintain services to tenants.

#### Auditor


In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the group will be put at the Annual General Meeting.

#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

By order of the Board

  
.....  
J K R McCarthy-Penman  
**Secretary**  
20/3/17

# **EASTBOURNE HOMES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 MARCH 2017**

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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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the website, which is shared with Eastbourne Borough Council. Legislation in United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EASTBOURNE HOMES LIMITED

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## Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 31. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2017 and of the group's profit 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.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

## 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 and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

## Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 and express an opinion on 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.

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.

*RSM UK Audit LLP*

ANDREW MONTEITH (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

*21<sup>st</sup> August 2017.*

# EASTBOURNE HOMES LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	2017 £	2016 £
Turnover	3	9,135,438	8,657,747
Other operating expenses	4	(8,489,036)	(8,827,053)
<b>Operating profit/(loss)</b>		<u>646,402</u>	<u>(169,306)</u>
Interest receivable and similar income	9	5,164	6,918
Interest payable and similar charges	10	(52,000)	(118,583)
<b>Profit/(Loss) on ordinary activities before taxation</b>	5	<u>599,566</u>	<u>(280,971)</u>
Taxation	11	4,603	(9,697)
<b>Profit/(Loss) for the financial year</b>		<u>604,169</u>	<u>(290,668)</u>
<b>Other comprehensive income net of taxation</b>			
Actuarial gain on defined benefit pension schemes	18	198,000	1,077,000
<b>Total comprehensive income for the year</b>		<u><u>802,169</u></u>	<u><u>786,332</u></u>

Total comprehensive income for the year is all attributable to the member of the parent company.



**EASTBOURNE HOMES LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	12	-	20,915
<b>Current assets</b>			
Debtors	15	1,435,359	2,067,536
Cash at bank and in hand		2,972,801	1,639,574
		<u>4,408,160</u>	<u>3,707,110</u>
<b>Creditors: falling due within one year</b>	16	<u>(2,425,035)</u>	<u>(2,458,069)</u>
<b>Net current assets</b>		<u>1,983,125</u>	<u>1,249,041</u>
<b>Total assets less current liabilities</b>		<u>1,983,125</u>	<u>1,269,956</u>
<b>Net assets excluding pension liability</b>		<u>1,983,125</u>	<u>1,269,956</u>
<b>Defined benefit pension liability</b>	18	<u>(1,375,000)</u>	<u>(1,464,000)</u>
<b>Net assets/(liabilities)</b>		<u><u>608,125</u></u>	<u><u>(194,044)</u></u>
<b>Capital and reserves</b>			
Profit and loss reserves	19	<u><u>608,125</u></u>	<u><u>(194,044)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20/07/17 and are signed on its behalf by:



R C Eastwood  
Director



A A Gales  
Director

**EASTBOURNE HOMES LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	12	-	20,915
Investments	13	1	1
		<u>1</u>	<u>20,916</u>
<b>Current assets</b>			
Debtors	15	1,327,181	1,950,843
Cash at bank and in hand		2,868,386	1,523,451
		<u>4,195,567</u>	<u>3,474,294</u>
<b>Creditors: falling due within one year</b>	16	<b>(2,299,951)</b>	<b>(2,302,104)</b>
<b>Net current assets</b>		<b>1,895,616</b>	<b>1,172,190</b>
<b>Total assets less current liabilities</b>		<b>1,895,617</b>	<b>1,193,106</b>
<b>Net assets excluding pension liability</b>		<b>1,895,617</b>	<b>1,193,106</b>
<b>Defined benefit pension liability</b>	18	<b>(1,290,000)</b>	<b>(1,343,000)</b>
<b>Net assets/(liabilities)</b>		<b><u>605,617</u></b>	<b><u>(149,894)</u></b>
<b>Capital and reserves</b>			
Profit and loss reserves	19	<u>605,617</u>	<u>(149,894)</u>

The company's profit for the year and total comprehensive income for the year were £606,511 (2016 : loss of £236,770) and £755,511 (2016 £724,230) respectively.

The financial statements were approved by the board of directors and authorised for issue on 20/07/17 and are signed on its behalf by:



R C Eastwood  
Director



A A Gales  
Director

# EASTBOURNE HOMES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	Profit and loss reserves £
<b>Balance at 1 April 2015</b>		(980,376)
<b>Year ended 31 March 2016:</b>		
Loss for the year		(290,668)
Other comprehensive income:		
Actuarial gains on defined benefit plans	18	1,077,000
Total comprehensive income for the year		786,332
<b>Balance at 31 March 2016</b>		(194,044)
<b>Year ended 31 March 2017:</b>		
Profit for the year		604,169
Other comprehensive income:		
Actuarial gains on defined benefit plans	18	198,000
Total comprehensive income for the year		802,169
<b>Balance at 31 March 2017</b>		608,125

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**EASTBOURNE HOMES LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

<b>Notes</b>	<b>Profit and loss reserves £</b>
<b>Balance at 1 April 2015</b>	<b>(874,124)</b>
<b>Year ended 31 March 2016:</b>	
Loss for the year	(236,770)
Other comprehensive income:	
Actuarial gains on defined benefit plans	961,000
Total comprehensive income for the year	724,230
<b>Balance at 31 March 2016</b>	<b>(149,894)</b>
<b>Year ended 31 March 2017:</b>	
Profit for the year	606,511
Other comprehensive income:	
Actuarial gains on defined benefit plans	149,000
Total comprehensive income for the year	755,511
<b>Balance at 31 March 2017</b>	<b>605,617</b>

**EASTBOURNE HOMES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated by/(absorbed from) operations	23	1,324,335	(318,523)
Interest paid		-	(41,583)
Income taxes received/(paid)		3,728	(9,697)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		1,328,063	(369,803)
<b>Investing activities</b>			
Interest received		5,164	6,918
		<hr/>	<hr/>
Net cash generated from investing activities		5,164	6,918
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		1,333,227	(362,885)
Cash and cash equivalents at beginning of year		1,639,574	2,002,459
		<hr/>	<hr/>
Cash and cash equivalents at end of year		<u>2,972,801</u>	<u>1,639,574</u>

# **EASTBOURNE HOMES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **FOR THE YEAR ENDED 31 MARCH 2017**

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#### **1 Accounting Policies**

##### **Company information**

Eastbourne Homes Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 1 Grove Road, Eastbourne, East Sussex, BN21 4TW.

The group consists of Eastbourne Homes Limited and its only subsidiary, South East Independent Living Limited.

The company's and the group's principal activities are disclosed in the Directors' Report.

The nature of the company's and the group's operations are the management, maintenance and improvement of the housing stock on behalf of Eastbourne Borough Council and also the provision of short term housing support for people over 65.

EHL has an agreed income stream in the form of its management fee from EBC. The organisation is set up to manage the Council's social housing function and there is no reason to suspect this will change as the management fee for the next 12 months as well as the continued support of EBC have been confirmed in writing. The Directors therefore have no reason to believe that the company will not be able to meet its liabilities for the 12 months from the approval of the financial statements and have prepared the accounts on the going concern basis.

##### **Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view. The financial statements have been prepared under the historical cost convention. The principle accounting policies are set out below.

The consolidated financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £, unless otherwise stated.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' - Carrying amounts for each category of financial instrument
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

##### **Company statement of comprehensive income**

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's profit for the year was £607,543 (2016: a loss of £236,770).

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### **1 Accounting policies (Continued)**

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Eastbourne Homes Limited and its subsidiary (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 March 2017.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

##### **Turnover**

Turnover represents the value (excluding VAT) of goods and services supplied and delivered, excluding capital works recharged to EBC at cost.

Turnover is recognised upon performance of services and on despatch of goods.

##### **Tangible fixed assets**

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives.

Office equipment	25% on straight line basis
IT equipment	25% to 33% on a straight line basis

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies (Continued)

##### **Fixed asset investments**

In the separate accounts of the company interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **Impairment of fixed assets**

At each reporting end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand.

##### **Financial assets**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies (Continued)

##### *Basic financial assets*

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### *Loans and receivables*

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### *Basic financial liabilities*

Basic financial liabilities, including trade and other are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies (Continued)

##### Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

##### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

##### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies (Continued)

##### **Retirement benefits**

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

##### Gains/losses

Gains or losses recognised in the profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligation.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Defined benefit pension scheme**

The valuation of the defined benefit pension scheme is based on a number of assumptions. Further details can be found in note 18.

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017	2016
	£	£
<b>Turnover analysed by class of business</b>		
Management fees	7,397,052	7,413,680
Other income (Supporting People and other minor contracts)	1,738,386	1,244,067
	<u>9,135,438</u>	<u>8,657,747</u>

#### Turnover analysed by geographical market

	2017	2016
	£	£
United Kingdom	<u>9,135,438</u>	<u>8,657,747</u>

#### 4 Other operating expenses

	2017	2016
	£	£
Housing management services	4,404,869	4,420,977
Property repairs	4,084,167	4,406,076
	<u>8,489,036</u>	<u>8,827,053</u>

#### 5 Profit/(Loss) on ordinary activities before taxation

	2017	2016
	£	£
Profit/(Loss) on ordinary activities before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	20,915	50,805
Operating lease charges	<u>12,397</u>	<u>19,638</u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 6 Auditors' remuneration

	2017	2016
Fees payable to the company's auditor and its associates:	£	£
<b>For audit services</b>		
Audit of the parent and consolidated accounts	26,000	25,000
Audit of the associates of the company	2,100	2,000
	<u>28,100</u>	<u>27,000</u>
<b>For other services</b>		
Taxation compliance services	9,250	5,150
All other non-audit services	4,250	8,900
	<u>13,500</u>	<u>14,050</u>

#### 7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2017	2016
	Number	Number
Housing and economic development	1	2
Housing management	18	19
Asset management	8	9
Finance, performance & administration	1	1
Floating support, STEPS to stay independent	39	36
	<u>67</u>	<u>67</u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	1,754,289	1,678,052
Social security costs	167,791	140,066
Pension costs	239,000	280,000
	<u>2,161,080</u>	<u>2,098,118</u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 8 Directors' remuneration

The Chairman received remuneration of £3,510, no other director received any remuneration from the Group during the year. Expenses paid in the year totalled £6,151 (2016: £8,092).

#### 9 Interest receivable and similar income

	2017	2016
	£	£
<b>Interest income</b>		
Interest on bank deposits	4,530	6,106
Other interest income	634	812
	<u>5,164</u>	<u>6,918</u>

#### 10 Interest payable and similar charges

	2017	2016
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on VAT error notification	-	41,583
Net interest on the net defined benefit pension liability	52,000	77,000
	<u>52,000</u>	<u>118,583</u>

#### 11 Taxation

	2017	2016
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	4,126	5,000
Adjustments in respect of prior periods	(8,729)	4,697
	<u>(4,603)</u>	<u>9,697</u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 11 Taxation (continued)

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2017 £	2016 £
Profit/(Loss) on ordinary activities before taxation	<u>599,566</u>	<u>(280,971)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	119,913	(56,194)
Adjustments in respect of prior years	(8,729)	4,697
Difference between pension scheme contributions and amounts recognised in the profit and loss account	48,000	36,800
(Profit)/Loss on mutual trading activities	(163,787)	24,394
Tax (credit)/charge for the year	<u>(4,603)</u>	<u>9,697</u>

#### 12 Tangible fixed assets

Group and Company	Office equipment £	IT equipment £	Total £
<b>Cost</b>			
At 1 April 2016 and 31 March 2017	47,484	380,004	427,488
<b>Depreciation and impairment</b>			
At 1 April 2016	47,484	359,089	406,573
Depreciation charged in the year	-	20,915	20,915
At 31 March 2017	<u>47,484</u>	<u>380,004</u>	<u>427,488</u>
<b>Carrying amount</b>			
At 31 March 2017	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2016	<u>-</u>	<u>20,915</u>	<u>20,915</u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 13 Fixed asset investments

	Notes	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Investments in subsidiaries	14	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

#### Movements in fixed asset investments Company

	Shares £
Cost	
At 1 April 2016 and 31 March 2017	<u>1</u>
Carrying amount	
At 31 March 2017	<u>1</u>
At 31 March 2016	<u>1</u>

#### 14 Subsidiary

Details of the company's subsidiary at 31 March 2017 is as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held direct
South East Independent Living Limited, registered office 1 Grove Road, Eastbourne, East Sussex, BN21 4TW	England Care provider	Ordinary	100

The cost of the investment in the subsidiary undertaking represents £1 share capital.



# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 15 Debtors

	Group		Company	
	2017	2016	2017	2016
Amounts falling due within one year:	£	£	£	£
Trade debtors	49,267	62,813	-	-
Amount due from group undertakings	469,915	567,747	470,533	567,747
Capital recharges due from parent undertaking	363,614	870,221	363,614	870,221
Other debtors	239,091	261,980	227,370	253,241
Prepayments and accrued income	313,472	304,775	265,664	259,634
	<u>1,435,359</u>	<u>2,067,536</u>	<u>1,327,181</u>	<u>1,950,843</u>

### 16 Creditors: falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	-	152	-	-
Amounts due to parent undertaking	390,480	426,344	380,358	427,429
Corporation tax	4,126	5,000	1,032	5,000
Other taxation and social security costs	281,746	307,428	221,694	194,581
Other creditors	724,987	543,642	717,948	536,267
Accruals and deferred income	1,023,696	1,175,503	978,919	1,138,827
	<u>2,425,035</u>	<u>2,458,069</u>	<u>2,299,951</u>	<u>2,302,104</u>

Included within other creditors for the group is £21,743 (2016: £26,284) a balance in relation to amounts unpaid to pension schemes as at the year end. The company's balance in relation to the above is £14,748 (2016: £19,059).

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 17 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>1,121,887</u>	<u>1,762,761</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>2,139,163</u>	<u>2,145,641</u>

#### 18 Retirement benefit schemes

##### East Sussex Pension Fund (ESPF)

The ESPF is a multi-employer scheme, administered by ESCC under the regulations governing the LGPS, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016 by a qualified independent Actuary.

The group employers' contributions to the ESPF, for the year ended 31 March 2016, amounted to £182,000 (2016: £193,000). The expected contribution for 2016/17 is £211,000.

##### Defined benefit schemes

###### Key assumptions

	2017	2016
	%	%
Discount rate	2.6	3.5
Expected rate of increase of pensions in payment	2.4	2.2
Expected rate of salary increases	<u>2.8</u>	<u>4.2</u>

###### Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2017	2016
	Years	Years
Retiring today		
- Males	22.1	22.2
- Females	<u>24.4</u>	<u>24.4</u>
Retiring in 20 years		
- Males	23.8	24.2
- Females	<u>26.3</u>	<u>26.7</u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 18 Retirement benefit schemes (Continued)

Amounts recognised in the income statement:

	2017	2016
	£	£
Current service cost	239,000	280,000
Net interest on defined benefit liability/(asset)	52,000	77,000
Other costs and income	-	20,000
<b>Total costs</b>	<u><u>291,000</u></u>	<u><u>377,000</u></u>

Amounts taken to other comprehensive income:

	2017	2016
	£	£
Actual return on scheme assets	(840,000)	(111,000)
Less: calculated interest element	256,000	226,000
<b>Return on scheme assets excluding interest income</b>	<u>(584,000)</u>	<u>115,000</u>
Actuarial changes related to obligations	386,000	(1,192,000)
<b>Total (income)</b>	<u><u>(198,000)</u></u>	<u><u>(1,077,000)</u></u>

The amounts included in the statement of financial position arising from obligations in respect of defined benefit plans are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Present value of defined benefit obligations	9,594,000	8,708,000	8,671,000	7,979,000
Fair value of plan assets	8,219,000	7,244,000	7,381,000	6,636,000
<b>Deficit in scheme</b>	<u><u>1,375,000</u></u>	<u><u>1,464,000</u></u>	<u><u>1,290,000</u></u>	<u><u>1,343,000</u></u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 18 Retirement benefit schemes (Continued)

Movements in the present value of defined benefit obligations:

	<b>Group 2017 £</b>	<b>Company 2017 £</b>
Liabilities at 1 April 2016	8,708,000	7,979,000
Current service cost	239,000	171,000
Benefits paid	(123,000)	(121,000)
Contributions from scheme members	76,000	61,000
Actuarial gains and losses	386,000	300,000
Interest cost	308,000	281,000
At 31 March 2017	<u>9,594,000</u>	<u>8,671,000</u>

The defined benefit obligations arise from plans funded as follows:

	<b>Group 2017 £</b>	<b>Company 2017 £</b>
Wholly or partly funded obligations	9,537,000	8,614,000
Wholly unfunded obligations	57,000	57,000
	<u>9,594,000</u>	<u>8,671,000</u>

Movements in the fair value of plan assets:

	<b>Group 2017 £</b>	<b>Company 2017 £</b>
Fair value of assets at 1 April 2016	7,244,000	6,636,000
Interest income	256,000	233,000
Return on plan assets (excluding amounts included in net interest)	584,000	449,000
Benefits paid	(123,000)	(121,000)
Contributions by the employer	182,000	123,000
Contributions by scheme members	76,000	61,000
At 31 March 2017	<u>8,219,000</u>	<u>7,381,000</u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 18 Retirement benefit schemes (Continued)

The analysis of the scheme assets at the reporting date were as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£		
Equity instruments	5,917,600	4,998,000	5,314,200	4,579,000
Property	788,200	869,000	707,800	796,000
Bonds	1,190,500	1,159,000	1,069,200	1,062,000
Cash	322,700	218,000	289,800	199,000
	<u>8,219,000</u>	<u>7,244,000</u>	<u>7,381,000</u>	<u>6,636,000</u>

A pension deficit of £282,000 in relation to pensionable service before the establishment of EHL at 31 March 2005 is underwritten by EBC. Furthermore EBC has indicated its support for EHL including accrued pension liabilities.

#### 19 Reserves

##### Profit and loss reserves

The profit and loss reserve represents cumulative profit and loss net of distributions to owners.

#### 20 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	2,842	16,837	2,842	16,837
Between two and five years	-	3,607	-	3,607
	<u>2,842</u>	<u>20,444</u>	<u>2,842</u>	<u>20,444</u>

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 21 Related party transactions

Remuneration of key management personnel includes Directors and the Senior Leadership Team

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	<u>321,631</u>	<u>302,035</u>

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

The company obtained services from Eastbourne Borough Council under various Service Level Agreements. These included financial ledger systems, information technology and communications.

	2017	2016
	£'000	£'000
<u>Income</u>		
Housing Management contract	7,211	7,235
Other contracts	414	212
<u>Expenditure</u>		
Service level agreements	748	634
<u>Recharges</u>		
Capital works at cost	4,812	5,247
<u>Debtor</u>		
Amounts due from Eastbourne Borough Council	470	568
Capital recharges due from Eastbourne Borough Council	364	870
<u>Creditor</u>		
Amounts due to Eastbourne Borough Council	390	426

# EASTBOURNE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 22 Tenant board members

It is intended that a third of the Board of Directors are residents in properties maintained by Eastbourne Homes Limited and owned by Eastbourne Borough Council. These residents have a standard tenancy or lease agreement and fulfil the same obligations and receive the same service as all other residents of Eastbourne Borough Council. As at 31 March 2017 there are 4 (2016: 4) tenants on the Board of Directors.

<b>23 Cash generated from operations</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the year after tax	604,169	(290,668)
Adjustments for:		
Taxation (credited)/charged	(4,603)	9,697
Finance costs	52,000	118,583
Investment income	(5,164)	(6,918)
Depreciation and impairment of tangible fixed assets	20,915	50,805
Pension scheme non-cash movement	57,000	107,000
Movements in working capital:		
Decrease in debtors	632,177	350,323
Decrease in creditors	(32,160)	(657,345)
<b>Cash generated by/(absorbed by) from operations</b>	<b>1,324,335</b>	<b>(318,523)</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents represents:		
Cash at bank	<u>2,972,801</u>	<u>1,639,574</u>

