

Eastbourne Homes Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 March 2015

Eastbourne Homes Limited

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Eastbourne Homes Limited

COMPANY INFORMATION

DIRECTORS	<i>Independent</i>	Roger Eastwood (Chair) Greg Falvey (to 28/05/14) Allen Gales Mary Hope (from 03/07/14)
	<i>Council</i>	Patricia Hearn David Tutt (to 27/05/14) Patrick Warner (to 07/10/14) Barry Taylor (from 07/05/14 to 27/05/15) Annabelle West (to 27/05/15) Raymond Blakebrough (from 27/05/15) Katherine Smethers (from 27/05/15) Jonathan Dow (from 27/05/15)
	<i>Tenant</i>	Sheilah Roberts Sue Parsons (Vice-Chair) (to 31/05/15) Hubert Benjamin Candy Vaughan
EXECUTIVE TEAM		Tim Harris (Interim Chief Executive) (to August 2014) Ian Fitzpatrick (Managing Director) (from September 2014) Alan Osborne (Chief Finance Officer)
SECRETARY		Jane McCarthy-Penman
COMPANY NUMBER		05340097
REGISTERED OFFICE		1 Grove Road Eastbourne East Sussex BN21 4TW
AUDITOR		Baker Tilly UK Audit LLP Marlborough House Victoria Road South Chelmsford Essex CM1 1LN
BANKERS		Lloyds Bank plc City Office PO Box 1000 Gillingham BX1 1LT

Eastbourne Homes Limited

STRATEGIC REPORT

for the year ended 31 March 2015

The directors present the Strategic Report and consolidated financial statements for the year ended 31 March 2015.

BUSINESS REVIEW - OPERATIONS

The 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.

The older persons sheltered accommodation remodelling project completed in September 2014 with the completion of Winchester House. A total of 5 Courts were totally remodelled and all now provide self-contained, fully wheelchair accessible accommodation with level access showers. All communal areas have been reconfigured and updated and communal kitchens, mobility scooter stores and craft rooms have been provided.

Our review of all Eastbourne Borough Council (EBC) housing, in 2011, revealed certain other properties were no longer suitable for continuing use as social housing. These have subsequently either been sold, demolished and the land transferred to a Housing Association for new development or retained pending Local Authority redevelopment. A Housing & Economic Development Project Board (HEDPB) has been jointly established by Eastbourne Homes Limited (EHL) and EBC to facilitate new build opportunities in the Borough.

Resident engagement has been further enhanced through closer working with the four Area Panels and the Resident Scrutiny Panel. The Area Panels have continued to support activities in their local communities drawing upon capital budgets set aside specifically for that purpose. The Resident Scrutiny Panel submitted a report to the Board on the following service issues:

- STEPS service.

The floating support services contract for East Sussex County Council (ESCC) has been extended to 2015.

KEY OPERATIONAL PERFORMANCE INDICATORS

Operational performance is measured against the Annual Plan agreed between EHL and EBC. The internal performance indicators are tracked monthly and reported to the Executive Team and Committees of the Board on the due dates. Those affecting finance can be measured in three main areas; rent collection, repairs and void loss.

BUSINESS REVIEW - FINANCE

EHL's Group turnover for the year amounted to £8.6m (2014: £8.1m), of which £7.4m (2014: £6.8m) was funded by a management fee from EBC and the balance from other service contracts. EHL's direct investment in the housing stock via repairs amounted to £4.4m (2014: £3.3m). This was in addition to the £5.1m (2014: £6.3m) capital investment from EBC that EHL also managed.

The financial results for the year as detailed from page 8 show a deficit before taxation of £0.5m (2014: surplus £0.1m). At the end of the year revenue reserves excluding pension reserves amount to £1.4m (2014: £1.8m)

Eastbourne Homes Limited

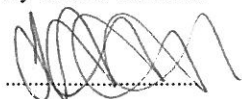
STRATEGIC REPORT (CONTINUED)

for the year ended 31 March 2015

PRINCIPAL RISKS

The Group's primary source of income is from EBC under a Management Agreement that operates to 31 March 2015. 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. Secretary of State approval was subsequently granted on 14 May 2015.

By order of the board



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Jane McCarthy-Penman
COMPANY SECRETARY

.....

Eastbourne Homes Limited

DIRECTORS' REPORT

for the year ended 31 March 2015

The directors present their report and consolidated financial statements of Eastbourne Homes Limited for the year ended 31 March 2015.

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 tenth year that the Company has reported its results and the second time it has separated out its subsidiary undertaking of SEILL. The principal activity of the subsidiary at present is the delivery of a short term housing floating support service for people of 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 wholly owned by Eastbourne Borough Council (EBC). It is governed by a Board of Directors and began trading on 1 April 2005. At 31 March 2015 there were 12 directors. 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 second consolidated financial statements.

FUTURE DEVELOPMENTS

The Board expects that the Group will continue to provide management services in line with the Management Agreement. The 2015/16 Annual 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. EHL has engaged with consultants Ignite to ensure that social housing services delivered by EHL staff are appropriately represented in the EBC "Future Model" of services from the Communities Directorate.

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. Three 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 bi-annual review of risk registers
- Robust Business Planning
- Risk based Internal Audit Programme
- Monthly Performance Monitoring
- Budget planning monthly monitoring and future forecasting
- Business Continuity Management Plan (BCMP)
- Value for Money Strategy and Action Plan incorporating an Annual Efficiency Statement (AES)

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.

Eastbourne Homes Limited

DIRECTORS' REPORT (continued)

for the year ended 31 March 2015

BOARD DIRECTORS, COMMITTEES AND THE EXECUTIVE TEAM

The Board Directors and Executive Team that served during the period are listed on page 1. 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 residents selected from and representing tenants and leaseholders. As at 31 March 2015, there were no 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 Chief Executive.

Three Committees report to the Board, these are the Operations Committee, Finance and Corporate Services Committee and Audit and Risk Committee. All three 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 accordance with current guidance, Board Directors have taken a decision not to receive any payment except 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, newsletters 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 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.

AUDITORS

The auditors, Baker Tilly UK Audit LLP, Chartered Accountants have indicated their willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that this has been communicated to the auditors.

By order of the board



Jane McCarthy-Penman
COMPANY SECRETARY

Eastbourne Homes Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the 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 the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 27. 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 AUDITOR

As more fully explained in the Directors' Responsibilities Statement 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.

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 THE FINANCIAL STATEMENTS

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 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and 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 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.



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

6th August 2015.

Eastbourne Homes Limited
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
TURNOVER	1	8,616	8,086
Operating costs	2	(9,182)	(7,959)
OPERATING (DEFICIT)/SURPLUS		(566)	127
Interest receivable and similar income	3	48	6
Other finance costs		-	(3)
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(518)	130
Taxation	7	1	3
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	15	(517)	133

Turnover and Operating (Deficit)/Surplus are derived from the group's continuing operations.

Eastbourne Homes Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS for the year ended 31 March 2015

		2015 £'000	2014 £'000
(Deficit)/surplus on ordinary activities after taxation		(517)	133
Actuarial loss	14	(829)	(318)
Total recognised surpluses and deficits for the year		<u>(1,346)</u>	<u>(185)</u>

Eastbourne Homes Limited
CONSOLIDATED BALANCE SHEET
 As at 31 March 2015

	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	9	72	166
CURRENT ASSETS			
Debtors	11	2,418	4,003
Cash at bank and in hand		2,002	1,481
		<u>4,420</u>	<u>5,484</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	(3,115)	(3,690)
NET CURRENT ASSETS		<u>1,305</u>	<u>1,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,377	1,960
PROVISION FOR LIABILITIES	13	-	(171)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>1,377</u>	<u>1,789</u>
PENSION LIABILITY	14	(2,357)	(1,423)
NET (LIABILITIES)/ASSETS INCLUDING PENSION LIABILITY		<u>(980)</u>	<u>366</u>
CAPITAL AND RESERVES			
Revenue reserve	15	(980)	366
		<u>(980)</u>	<u>366</u>

The financial statements on pages 8 to 27 were approved by the board of directors and authorised for issue on 23/07/15 and are signed on its behalf by:



Roger Eastwood
Chair, EHL



Allen Gales
Chair, Audit & Risk Committee

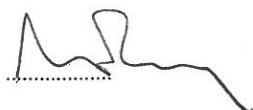
Eastbourne Homes Limited

COMPANY BALANCE SHEET

As at 31 March 2015

	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	9	72	154
Investments	10	-	-
		<u>72</u>	<u>154</u>
CURRENT ASSETS			
Debtors	11	2,446	4,017
Cash at bank and in hand		1,743	1,440
		<u>4,189</u>	<u>5,457</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	(2,982)	(3,670)
NET CURRENT ASSETS			
		<u>1,207</u>	<u>1,787</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,279	1,941
PROVISION FOR LIABILITIES			
	13	-	(171)
NET ASSETS EXCLUDING PENSION LIABILITY			
		1,279	1,770
PENSION LIABILITY			
	14	(2,153)	(1,329)
NET (LIABILITIES)/ASSETS INCLUDING PENSION LIABILITY			
		<u>(874)</u>	<u>441</u>
CAPITAL AND RESERVES			
Revenue reserve	15	(874)	441
		<u>(874)</u>	<u>441</u>

The financial statements on pages 8 to 27 were approved by the board of directors and authorised for issue on 23.03.15..... and are signed on its behalf by:



Roger Eastwood
Chair, EHL



Allen Gales
Chair, Audit & Risk Committee

Eastbourne Homes Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	529	60
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16.1	4	6
TAXATION		-	(6)
CAPITAL EXPENDITURE	16.2	(12)	(35)
INCREASE IN CASH IN THE YEAR		<u>521</u>	<u>25</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2015 £'000	2014 £'000
Increase in cash in the year		<u>521</u>	<u>25</u>
MOVEMENT IN NET FUNDS IN THE YEAR	17	521	25
Net funds at 1 April		<u>1,481</u>	<u>1,456</u>
Net funds 31 March		<u><u>2,002</u></u>	<u><u>1,481</u></u>

Eastbourne Homes Limited

ACCOUNTING POLICIES

for the year ended 31 March 2015

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

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.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Eastbourne Homes Limited and its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 March.

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 and for office improvements over the initial 5 year life of the 10 year lease for the offices in Ivy Terrace.

Leasehold office improvement	- 20% on a straight line basis over 5 years to the lease break clause
IT equipment	- 25% - 33% on a straight line basis
Office equipment	- 25% on a straight line basis

TAXATION

The Group has a mutual trading status with EBC. Corporation tax is not payable on any surplus arising from trade with EBC, but is payable on other surpluses.

INVESTMENTS

Long term investments are classified as fixed assets. Fixed asset investment are stated at cost in the company balance sheet. Provision is made for any impairment in the value of fixed asset investments.

Eastbourne Homes Limited
ACCOUNTING POLICIES (CONTINUED)
for the year ended 31 March 2015

PENSION COSTS

The Company 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 Company. Contributions are based on pension costs of the Company'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 operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

LEASING

Annual rentals under operating leases are charged to profit and loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

Eastbourne Homes Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

1	TURNOVER		
	Turnover arises mostly from the Group's housing management activities in the Eastbourne Borough.	2015 £'000	2014 £'000
	Management Fees	7,154	6,819
	Other Income (Supporting People and other minor contracts)	1,462	1,267
		<u>8,616</u>	<u>8,086</u>
2	OPERATING EXPENSES	2015 £'000	2014 £'000
	Housing Management Services	4,733	4,619
	Property Repairs	4,449	3,340
		<u>9,182</u>	<u>7,959</u>
	<p>Housing Management Services activities include: rent setting and collection, arrears management, housing benefit advice, performance management, finance, information and communications technology, management and administrative support, tenancy services, retirement services, tenant participation and corporate governance including Board meetings. Additionally it includes the ESCC Supporting People contract STEPS to stay independent.</p> <p>Property repairs include the management and direct cost of all responsive, cyclical and planned expenditure, health and safety matters on the housing stock, plus a contribution to capital expenditure.</p> <p>Capital expenditure, while managed by EHL, is paid for directly by EBC.</p>		
3	INTEREST RECEIVABLE AND SIMILAR INCOME	2015 £'000	2014 £'000
	Bank interest receivable	4	6
	Other interest receivable	44	-
		<u>48</u>	<u>6</u>
4	(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	2015 £'000	2014 £'000
	(Deficit)/surplus on ordinary activities before taxation is stated after charging:		
	Depreciation of tangible assets		
	- Owned assets	106	139
	Operating lease rentals		
	- Land and buildings	-	109
	- Plant and machinery	11	-
	Auditors' remuneration for statutory audit	22	22
	Non-audit remuneration payable to the Group's auditors	3	2
		<u>142</u>	<u>272</u>

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2015

5 EMPLOYEES

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

	2015 No.	2014 No.
Executive	-	1
Housing Management	26	28
Asset Management	11	11
Finance, Performance & Administration	7	15
Floating Support, STEPS to stay independent	31	26
	<u>75</u>	<u>81</u>

Staff costs for the above persons:

	2015 £'000	2014 £'000
Wages and salaries	1,844	2,016
Social security costs	141	152
Other pension costs	288	280
	<u>2,273</u>	<u>2,448</u>

Pension costs are analysed as follows:

	2015 £'000	2014 £'000
Current service cost	286	278
Unfunded benefits cost	2	2
	<u>288</u>	<u>280</u>

Pension operating charge

6 DIRECTORS

No directors received any remuneration from the Group during the year. Expenses paid in the year totalled £13,932 (2014: £7,668).

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2015

7 TAXATION	2015 £'000	2014 £'000
Current tax charge:		
UK Corporation tax on profit for the period	5	6
Adjustment in respect of prior periods	(6)	(9)
Total current tax	(1)	(3)
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	(1)	(3)
Factors affecting the tax charge for the period:		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (20%). The differences are explained below:		
(Deficit)/surplus on ordinary activities before taxation	(518)	130
(Deficit)/surplus on ordinary activities multiplied by the standard rate of UK corporation tax of 20% (2014: 20%). The differences are explained below:	(104)	26
Effects of:		
Deficit/(surplus) on mutual trading activities	123	(5)
Difference between pension schemes contributions and amounts recognised in the profit and loss account	(14)	(15)
Adjustment in respect of prior periods	(6)	(9)
	103	(29)
CURRENT TAX CHARGE	(1)	(3)

8 (LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £518,000 (2014: profit £114,000).

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2015

9 TANGIBLE FIXED ASSETS

GROUP	Leasehold Office Improvements £'000	IT Equipment £'000	Office Equipment £'000	Total £'000
COST				
At 1 April 2014	254	345	70	669
Additions	-	12	-	12
Transfers	-	23	(23)	-
Disposals	(254)	-	-	(254)
At 31 March 2015	-	380	47	427
DEPRECIATION				
At 1 April 2014	229	216	58	503
Charge for the year	25	81	-	106
Transfers	-	11	(11)	-
On disposals	(254)	-	-	(254)
At 31 March 2015	-	308	47	355
NET BOOK VALUE				
At 31 March 2015	-	72	-	72
At 31 March 2014	25	129	12	166

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2015

9 TANGIBLE FIXED ASSETS (continued)

COMPANY	Leasehold Office Improvements £'000	IT Equipment £'000	Office Equipment £'000	Total £'000
COST				
At 1 April 2014	254	345	47	646
Additions	-	12	-	12
Transferred from subsidiary	-	23	-	23
Disposals	(254)	-	-	(254)
At 31 March 2015	-	380	47	427
DEPRECIATION				
At 1 April 2014	229	216	47	492
Charge for the year	25	81	-	106
Transferred from subsidiary	-	11	-	11
On disposals	(254)	-	-	(254)
At 31 March 2015	-	308	47	355
NET BOOK VALUE				
At 31 March 2015	-	72	-	72
At 31 March 2014	25	129	-	154

10 FIXED ASSET INVESTMENTS

COMPANY	Shares in group undertakings £'000
COST	
At 1 April 2014 and 31 March 2015	-
NET BOOK VALUE	
At 1 April 2014 and 31 March 2015	-

The company holds more than 20% of the share capital of the following undertakings:

Company	Country of registration or incorporation	Principal activity	Shares held Class	%
SUBSIDIARY UNDERTAKINGS				
South East Independent Living Limited	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 2015

11 DEBTORS	GROUP	COMPANY	GROUP	COMPANY
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Amounts owed by parent undertaking	781	781	179	179
Amounts owed by subsidiary undertaking	-	303	-	17
Capital recharges due from parent undertaking	500	500	2,357	2,357
Other debtors	940	690	1,069	1,066
Prepayments and accrued income	197	172	398	398
	<u>2,418</u>	<u>2,446</u>	<u>4,003</u>	<u>4,017</u>
12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	GROUP	COMPANY	GROUP	COMPANY
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings	390	390	10	10
Corporation tax	5	-	6	6
Other taxation and social security	969	849	157	157
Other creditors	682	674	2,677	2,677
Accruals and deferred income	1,069	1,069	840	820
	<u>3,115</u>	<u>2,982</u>	<u>3,690</u>	<u>3,670</u>
13 PROVISIONS FOR LIABILITIES	GROUP	COMPANY	GROUP	COMPANY
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Balance at 1 April 2014	171	171	128	128
Profit and loss account	(171)	(171)	43	43
	<u>-</u>	<u>-</u>	<u>171</u>	<u>171</u>
Balance at 31 March 2015	-	-	171	171

Eastbourne Homes Limited entered into a 10 year lease for Ivy House Head Office premises from 23 December 2009 with a break date of 31 March 2015. Prior to occupation, Eastbourne Homes Limited undertook decorative and partitioning works to the interior of the premises to make it suitable for purpose. A licence was granted by the landlord under the lease for these works with the licence specifying a reinstatement clause which may be activated in full or in part by the landlord providing six months notice before the end of the term of the lease. The total estimated cost of reinstatement of the offices to their original condition was £213,000. Accordingly full provision was made for this sum by charging an equal portion of the reinstatement cost to operating expenses over the 5 years from effective occupation of the property, April 2010 to the break date of 31 March 2015. This has now been settled and the provision has been utilised in the year.

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2015

14 RETIREMENT BENEFITS

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 2013 by a qualified independent Actuary.

The group employers' contributions to the ESPF, for the year ended 31 March 2015, amounted to £218,000 (2014: £225,000) being a contribution rate of 17% of pensionable salaries. The expected contribution for 2015/16 is £186,000.

MORTALITY ASSUMPTIONS

Life expectancy is based on the PFA92 and PMA92 tables projected to the calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are:

	Males	Females
Current Pensioners	22.2	24.4
Future Pensioners	24.2	26.7
Financial assumptions	2015	2014
Inflation/pension increase rate	2.4%	2.8%
Salary increase rate	4.3%	4.6%
Expected return on assets	3.2%	6.1%
Discount rate	3.2%	4.3%

EXPECTED RATE OF RETURN ON ASSETS

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

	2015	2014
Equities	3.2%	6.7%
Bonds	3.2%	3.5%
Property	3.2%	4.8%
Cash	3.2%	3.7%
Amounts recognised in the balance sheet	2015	2014
	£'000	£'000
GROUP		
Present value of funded obligations	(9,298)	(7,294)
Fair value of plan assets	6,994	5,922
	(2,304)	(1,372)
Present value of unfunded obligations	(53)	(51)
Net liability	(2,357)	(1,423)

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2015

Amounts recognised in the balance sheet (continued)	2015 £'000	2014 £'000
COMPANY		
Present value of funded obligations	(8,575)	(6,813)
Fair value of plan assets	6,475	5,535
	<u>(2,100)</u>	<u>(1,278)</u>
Present value of unfunded obligations	(53)	(51)
Net liability	<u>(2,153)</u>	<u>(1,329)</u>
Analysis of the amount charged to operating surplus	2015 £'000	2014 £'000
GROUP		
Current service cost	286	280
Total charged to operating surplus	<u>286</u>	<u>280</u>
COMPANY		
Current service cost	186	280
Total charged to operating surplus	<u>186</u>	<u>280</u>
Analysis of other finance costs	2015 £'000	2014 £'000
GROUP		
Expected return on employers assets	(368)	(301)
Interest cost	324	304
Total other finance (income)/costs	<u>(44)</u>	<u>3</u>
COMPANY		
Expected return on employers assets	(334)	(301)
Interest cost	294	304
Total other finance (income)/costs	<u>(40)</u>	<u>3</u>
Analysis of amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)	2015 £'000	2014 £'000
GROUP		
Actuarial losses	(829)	(318)
Actuarial losses recognised in STRSD	<u>(829)</u>	<u>(318)</u>
Cumulative actuarial losses	<u>(2,360)</u>	<u>(1,531)</u>
COMPANY		
Actuarial losses	(797)	(224)
Actuarial losses recognised in STRSD	<u>(797)</u>	<u>(224)</u>
Cumulative actuarial losses	<u>(2,234)</u>	<u>(1,437)</u>

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2015

	2015	2014
	£'000	£'000
Changes in present value of defined benefit obligation		
GROUP		
Opening defined benefit obligation	7,294	6,570
Current service cost	286	280
Interest cost	324	304
Contributions by members	76	74
Actuarial losses	1,422	143
Estimated unfunded benefits paid	(4)	(4)
Estimated benefits paid	(100)	(73)
Closing defined benefit obligation	9,298	7,294
COMPANY		
Opening defined benefit obligation	6,813	6,570
Current service cost	186	280
Interest cost	294	304
Contributions by members	51	74
Actuarial losses	1,281	10
Liabilities extinguished on settlements	54	-
Estimated unfunded benefits paid	(4)	(4)
Estimated benefits paid	(100)	(73)
Transfer to subsidiary company	-	(348)
Closing defined benefit obligation	8,575	6,813
Changes of fair value of employer assets		
	2015	2014
	£'000	£'000
GROUP		
Opening fair value of employer assets	5,922	5,590
Expected return on assets	368	301
Contributions by members	76	74
Contributions by the employer	218	205
Contributions in respect of unfunded benefits	2	2
Actuarial gains/(losses)	510	(175)
Unfunded benefits paid	(2)	(2)
Benefits paid	(100)	(73)
Closing fair value of employer assets	6,994	5,922
COMPANY		
Opening fair value of employer assets	5,535	5,590
Expected return on assets	334	301
Contributions by members	51	74
Contributions by the employer	132	205
Contributions in respect of unfunded benefits	2	2
Actuarial gains/(losses)	523	(214)
Unfunded benefits paid	(2)	(2)
Benefits paid	(100)	(73)
Transfer to subsidiary company	-	(348)
Closing fair value of employer assets	6,475	5,535

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2015

Fair value of employer assets	2015 £'000		2014 £'000	
GROUP				
Equities	5,454	78%	4,678	79%
Bonds	630	9%	533	9%
Property	700	10%	533	9%
Cash	210	3%	178	3%
Closing fair value of employer assets	<u>6,994</u>		<u>5,922</u>	
COMPANY				
Equities	5,050	78%	4,373	79%
Bonds	583	9%	498	9%
Property	648	10%	498	9%
Cash	194	3%	166	3%
Closing fair value of employer assets	<u>6,475</u>		<u>5,535</u>	

History of experience on scheme assets and liabilities are as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
GROUP					
Fair value of scheme assets	6,994	5,922	5,590	4,696	4,363
Present value of funded obligations	(9,298)	(7,294)	(6,570)	(5,260)	(4,572)
Present value of unfunded liabilities	(53)	(51)	(49)	(46)	(42)
Deficit on scheme	<u>(2,357)</u>	<u>(1,423)</u>	<u>(1,029)</u>	<u>(610)</u>	<u>(251)</u>
COMPANY					
Fair value of scheme assets	6,475	5,535	5,590	4,696	4,363
Present value of funded obligations	(8,575)	(6,813)	(6,570)	(5,260)	(4,572)
Present value of unfunded liabilities	(53)	(51)	(49)	(46)	(42)
Deficit on scheme	<u>(2,153)</u>	<u>(1,329)</u>	<u>(1,029)</u>	<u>(610)</u>	<u>(251)</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.

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2015

15 RESERVES

	Revenue reserve £'000
GROUP	
At 1 April 2014	366
Deficit on ordinary activities for the year	(517)
Actuarial loss	(829)
	<hr/>
At 31 March 2015	(980)
	<hr/> <hr/>
	Revenue reserve £'000
COMPANY	
At 1 April 2014	441
Deficit on ordinary activities for the year	(518)
Actuarial loss	(797)
	<hr/>
At 31 March 2015	(874)
	<hr/> <hr/>

16 CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2015 £	2014 £
Operating (deficit)/surplus	(566)	127
Depreciation	106	139
Decrease/(increase) in debtors	1,585	(815)
(Decrease)/increase in creditors	(493)	493
(Decrease)/increase in provisions	(171)	43
Pension operating charge	286	280
Pension contributions paid	(218)	(207)
	<hr/>	<hr/>
	529	60
	<hr/> <hr/>	<hr/> <hr/>

16.1 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £	2014 £
Interest received	4	6
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	4	6
	<hr/> <hr/>	<hr/> <hr/>

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2015

16.2 CAPITAL EXPENDITURE	2015	2014
	£	£
Payments to acquire tangible assets	(12)	(35)
Net cash outflow from capital expenditure	(12)	(35)

17 ANALYSIS OF NET FUNDS

	At 1 April 2014	Cash flow	At 31 March 2015
	£	£	£
Cash at bank and in hand	1,481	521	2,002
Total	1,481	521	2,002

18 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2015 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2016:

GROUP	Plant and machinery		Land and buildings	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within two to five years	11	-	-	109
	<u>11</u>	<u>-</u>	<u>-</u>	<u>109</u>
COMPANY	Plant and machinery		Land and buildings	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within two to five years	11	-	-	109
	<u>11</u>	<u>-</u>	<u>-</u>	<u>109</u>

Eastbourne Homes Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2015

19 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The group has taken advantage of the exemption available under FRS8. Related Party Disclosures, not to disclose details of its transactions with wholly owned group undertakings.

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.

	2015	2014
	£'000	£'000
Income		
Housing Management contract	7,389	6,814
Other contracts	349	300
Expenditure		
Service Level Agreements	534	268
Contribution to Capital works	-	-
Recharges		
Capital works at cost	5,121	6,282
Debtor		
Amount due from Eastbourne Borough Council	781	2,536
Creditor		
Amount due to Eastbourne Borough Council	390	10

20 COMPANY PROFIT AND LOSS ACCOUNT

As permitted by section 408 of the Companies Act 2006, the company has not presented its own profit and loss account.

21 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 2015 there are 4 (2014: 4) tenants on the Board of Directors.

22 CONTROL

The ultimate parent undertaking is Eastbourne Borough Council.

