

Stockbridge Village Trust Limited

Annual report and financial statements for the year ended 2 April 1995

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Directors and advisers

Directors

T Baron
Chairman

J M Carter

J Everatt
Community Representative

B G Donnelly
Knowsley MBC

W Weightman
Knowsley MBC

B Thaxter
Barclays Bank Plc

F O'Rourke
Community Representative

H J A Bailey
Knowsley MBC

Secretary and registered office

V A Jackson
16 The Croft
Stockbridge Village
Liverpool
L28 1NR

Registered Auditors

Coopers & Lybrand
Richmond House
1 Rumford Place
Liverpool
L3 9QS

Bankers

Barclays Bank PLC
Liverpool South
Montrose Business Park
394 Edge Lane
Liverpool L7 9PX

Chairman's statement for the year ended 2 April 1995

When the Trust was formed in February 1983 it was intended to have a limited life and on completion of the rehabilitation of the estate its ownership would be transferred to the Villages Housing Association.

The reason for this is that the Trust is a private company not answerable to anyone other than its own Board in which substantial sums of Public Money have been invested by the Government which we do not have to repay.

It is only right and proper in such circumstances that the Village should be subject to a measure of public control which can best be achieved by a transfer to a Housing Association answerable to the Housing Corporation and subject to its rules, regulations and regular monitoring of its future management.

In October last year, we carried out an extensive consultation with our tenants on the proposal to transfer the estate to the Villages Housing Association and strongly recommended them to vote in favour of this transfer.

A tenants' ballot took place on 17 November 1994 and there was an overwhelming vote in favour of the Board's proposal.

We also obtained the backing of the Trust's mortgagees, Barclays Bank PLC, Abbey National PLC and Knowsley Council together with the approval of the Department of Environment and the Housing Corporation.

The only disappointing aspect is that even with all this support the mechanism of achieving the transfer has been very slow and frustrating but I am confident it will be finalised within the next two months.

New office accommodation

In October the Trust and Villages Housing Association finally moved to new offices created out of the former Kwik Save supermarket in the Croft Shopping Centre. These provide good modern facilities with easy access for all our tenants and at long last decent working conditions for our staff.

Housing management

Rental income at £2,569,816 shows an increase of £161,370 resulting from our established policy of increasing rents in line with inflation and the loss of rental income from voids and increases in rent arrears has been contained to 2% of the rent roll which is a credit the estate management staff.

During the year the Rent Officer determined fair rents on 534 properties with average rents ranging from £25.92 per week for a one bedroomed flat to £36.68 per week for a four bedroomed house.

We also granted on relets 103 assured tenancies with rents ranging from £35.11 for a one bedroomed flat to £47.69 for a four bedroomed house.

Despite these increases rent levels are substantially less than most other Housing Associations and Local Authorities on Merseyside.

We have kept our stock in a good state of repair with 98% of all repairs completed within the target times set and have completed a major cyclical repair and painting programme on 380 dwellings in Boode Croft, Pool Hey and Marled Hey at a cost of £326,003.

Home ownership

The Trust has sold a further 13 dwellings under the Right to Buy scheme at an average discounted price of £15,240. Property values within Stockbridge Village rose by approximately 15% over the last year. Property values are now beginning to equate with properties within the surrounding area and we believe they will continue to rise even within a depressed housing market. Home ownership within the village stands at 28% of the total stock.

Financial results

Although the accounts show a loss of £616,830 this was due to an exceptional deficit of £1,295,483 arising from a valuation of the six remaining tower blocks. Without this exceptional deficit the Trust would have made a surplus before tax of £678,653 compared to a surplus of £351,630 in 1993/4.

Capital repayments of £830,000 were made to our mortgagees and we remain in advance of our repayments targets and can see the final repayment of the outstanding capital debt by the end of the year 1999/2000.

Staff

It was quite apparent during the consultation with our tenants regarding the stock transfer that they had a high regard for our staff and this is one of the factors which gave them the confidence to support the transfer.

I would like to once again express my thanks to them, and to the Board members, for their loyalty and support throughout the year.

Directors' report for the year ended 2 April 1995

The directors present their report and the audited financial statements for the year ended 2 April 1995.

Principal activities

The principal activity of the company is the refurbishment and re-design of the estate as well as the continued management of the housing stock

The review of the company over the year, and its future development, is covered in the Chairman's statement on page 2.

Results and transfers to reserves

The loss for the year after taxation was £614,648 and this has been transferred from reserves. The loss is after charging £1,295,483 deficit on valuation, as referred to below.

Significant changes in tangible assets

Details of significant changes in tangible assets are given in Note 6 to the financial statements.

Market value of land and buildings

The land and buildings (housing land and buildings and commercial buildings) were valued as at 1 January 1992 by Venmore Thomas & Jones, Chartered Surveyors assisted by Edmund Kirkby, Chartered Surveyors. At that date the open market value was £9 million. The value to a social landlord operating on a continuing basis, under the terms of the supplementary agreement entered into by Stockbridge Village Trust Limited when the estate was acquired, was £6.85 million. These valuations are not incorporated into the financial statements.

An external valuation of the Trust's tower blocks was performed as at 2 April 1995. The valuation was performed by Venmore Thomas & Jones, Chartered Surveyors, on the basis of value to a social landlord. The book value of the properties at 2 April 1995 was £1,515,483 and the valuation was £220,000. The deficit on valuation of £1,295,483 has been recognised in the income and expenditure account as an exceptional charge.

Directors

The directors of the company who served during the year are listed on page 1. Under the terms of the memorandum and articles of association, each of the directors has given a guarantee of £1.

Charitable contributions

During the year the company has made contributions to local organisations and associations, in line with its principal activity, of £8,065.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

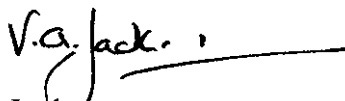
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 2 April 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group, and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



V A Jackson

Secretary

8 September 1995

Report of the auditors to the members of Stockbridge Village Trust Limited

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

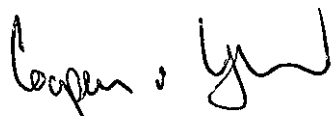
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2 April 1995 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Liverpool
8 September 1995

Income and expenditure account for the year ended 2 April 1995

	Notes	1995 £	1994 £
Rents receivable		2,683,684	2,426,710
Sundry income		718	522
		<u>2,684,402</u>	<u>2,427,232</u>
Less:			
Administration costs		494,284	493,810
Repairs and service costs		1,264,141	1,255,710
		<u>925,977</u>	<u>677,712</u>
Operating surplus			
Interest receivable		13,790	27,510
Finance costs	3	(410,589)	(480,199)
Profit on sale of fixed assets		149,475	126,607
Deficit on valuation of tower blocks	2	(1,295,483)	-
		<u>(616,830)</u>	<u>351,630</u>
(Loss)/surplus on ordinary activities before taxation	3		
		(616,830)	351,630
Taxation	5	2,182	(60,291)
		<u>(614,648)</u>	<u>291,339</u>
(Loss)/surplus for the year			
		<u>(614,648)</u>	<u>291,339</u>
Statement of accumulated surplus			
At 4 April 1994		1,272,097	980,758
(Loss)/surplus for the year		(614,648)	291,339
		<u>657,449</u>	<u>1,272,097</u>
At 2 April 1995			
		<u>657,449</u>	<u>1,272,097</u>

Continuing operations : all items dealt with in arriving at the surplus on ordinary activities before taxation for 1995 and 1994 relate to continuing operations.

The Trust has no recognised surpluses and deficits other than those included above and therefore no separate statement of total recognised surpluses and deficits has been presented.

There is no difference between the surplus on ordinary activities before taxation and the retained surplus for the year stated above, and their historical cost equivalents.

The notes on pages 11 to 15 form an integral part of these financial statements.

Balance sheet at 2 April 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	6	<u>6,828,803</u>	<u>8,129,259</u>
Current assets			
Debtors	7	185,640	309,761
Cash at bank and in hand		<u>537,809</u>	<u>309,235</u>
		<u>723,449</u>	<u>618,996</u>
Creditors: amounts falling due within one year	8	<u>302,635</u>	<u>295,618</u>
Net current assets		<u>420,814</u>	<u>323,378</u>
Total assets		<u>7,249,617</u>	<u>8,452,637</u>
Creditors: amounts falling due after more than one year	9	6,250,604	6,800,373
Provision for future cyclical maintenance	10	<u>341,564</u>	<u>380,167</u>
Net assets		<u>657,449</u>	<u>1,272,097</u>
Reserves			
Accumulated surplus		<u>657,449</u>	<u>1,272,097</u>

The notes on pages 11 to 15 form an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Board of Directors on 8 September 1995 and were signed on its behalf by:

T Baron
Chairman



J M Carter
Director



Cash flow statement for the year ended 2 April 1995

	1995 £	1994 £
Net cash inflow from operating activities (note A)	1,120,937	688,419
Return on investments and servicing of finance		
Interest received	13,790	27,713
Interest paid	(133,251)	(128,127)
Net cash outflow from return on investments and servicing of finance	(119,461)	(100,414)
Taxation		
United Kingdom corporation tax paid	(57,818)	(122,006)
Investing activities		
Purchase of tangible fixed assets	(65,464)	(128,164)
Capital repairs	(17,747)	(227,639)
Sale of tangible fixed assets	198,127	159,932
Net cash inflow/(outflow) from investing activities	114,916	(195,871)
Net cash inflow before financing	1,058,574	270,128
Financing		
Repayments of amounts borrowed (note B)	830,000	819,999
Net cash outflow from financing	830,000	819,999
Increase/(decrease) in cash and cash equivalents (note C)	228,574	(549,871)
	1,058,574	270,128

Notes to the cash flow statement

A Reconciliation of surplus before taxation to net cash inflow from operating activities

	1995 £	1994 £
(Loss)/surplus on ordinary activities before taxation	(616,830)	351,630
Interest received	(13,790)	(27,510)
Interest paid/payable	404,286	474,608
(Loss)/surplus before interest	(226,334)	798,728
Deficit on valuation of tower blocks	1,295,483	
Utilisation of cyclical repairs provision	(308,256)	(201,667)
Depreciation charges	14,127	13,708
Profit on sale of tangible fixed assets	(149,475)	(126,607)
Transfer to repairs provision	287,400	287,400
Decrease/(increase) in debtors	133,317	(26,819)
Increase/(decrease) in creditors	74,675	(56,324)
Net cash inflow from operating activities	1,120,937	688,419

B Analysis of changes in financing during the year

	£
Balance at 4 April 1994	6,800,373
Loans repaid	(830,000)
Rolled up interest	280,231
Balance at 2 April 1995	6,250,604

C Analysis of changes in cash and cash equivalents

	1995 £	1994 £	Change in year £
Bank and cash balances	537,809	309,235	228,574

Notes to the financial statements for the year ended 2 April 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Income and expenditure account

Since the company does not trade with a view to profit, an income and expenditure account is prepared rather than a profit and loss account.

Rents receivable

The rents receivable are the total gross rents receivable during the year after allowing for a provision for irrecoverable arrears.

Tangible assets

All fixed assets are shown at cost or, where there has been a permanent diminution in value, at valuation. Depreciation is provided to write-off the cost or valuation in equal annual instalments at the following rates:

Land	- Nil
Buildings	- Nil
Office fixtures, fittings and equipment	- 5, 10 or 20%

No depreciation is charged on housing properties because they are maintained in a state of repair such that the estimated residual value is not less than their cost and the annual charge for depreciation would therefore be immaterial.

Government grants

All grants received are included within the financial statements so as to reduce the cost of fixed assets to their net cost. Interim grants for redevelopment work are credited to the capital suspense account when received, and are released to the housing land and buildings account, along with the relevant expenditure.

Sales of land and buildings

All sales of land and buildings contained within the housing land and buildings account will be credited at their cost.

2 Surplus on ordinary activities before taxation

An external valuation of the Trust's tower blocks was performed as at 2 April 1995. The valuation was performed by Venmore Thomas & Jones, Chartered Surveyors, on the basis of the value to a social landlord. The book value of the properties at 2 April 1995 was £1,515,483 and the valuation was £220,000. The diminution in value of £1,295,483 has been recognised in the income and expenditure account as an exceptional charge.

3 Surplus on ordinary activities before taxation

	1995 £	1994 £
Is stated after charging:		
Depreciation	14,127	13,708
Auditors' remuneration - audit services	12,831	12,455
- non-audit services	2,233	4,171
Staff costs	198,039	180,794
	<u> </u>	<u> </u>
Financial costs include:		
Interest payable on mortgages, loans and overdraft:		
Repayable in more than 5 years (see note 9)	404,286	474,608
	<u> </u>	<u> </u>

4 Employee information

The average weekly number of persons (excluding directors) employed by the company during the year was:

1995 Number	1994 Number
45	44
<u> </u>	<u> </u>

Twenty four (1994: twenty four) of the above employees are jointly employed by Stockbridge Village Trust Limited and The Villages Housing Association Limited. Of these, twenty three (1994: twenty three) received no remuneration from Stockbridge Village Trust Limited during the year ended 2 April 1995.

	1995 £	1994 £
Staff costs (for the above persons)		
Wages and salaries	172,706	160,786
Social security costs	13,089	8,575
Other pension costs	12,244	11,433
	<u> </u>	<u> </u>
	198,039	180,794
	<u> </u>	<u> </u>

None of the directors received any emoluments from the company during the year.

5 Taxation

	1995 £	1994 £
United Kingdom corporation tax at 33% (1994: 33%)	-	(60,000)
Over/(under) provision in prior years	2,182	(291)
	<u>2,182</u>	<u>(60,291)</u>

6 Tangible fixed assets

	Housing land and buildings £	Commercial buildings £	Fixtures fittings & equipment £	Total £
Cost or valuation				
At 4 April 1994	6,928,814	1,163,197	110,139	8,202,150
Additions	36,516	7,050	14,240	57,806
Disposals	(46,695)	-	(8,680)	(55,375)
Deficit on valuation	(1,295,483)	-	-	(1,295,483)
	<u>5,623,152</u>	<u>1,170,247</u>	<u>115,699</u>	<u>6,909,098</u>
Depreciation				
At 4 April 1994	-	-	72,891	72,891
Charge for the year	-	-	14,127	14,127
Eliminated on disposal	-	-	(6,723)	(6,723)
	<u>-</u>	<u>-</u>	<u>80,295</u>	<u>80,295</u>
Net book value				
At 2 April 1995	<u>5,623,152</u>	<u>1,170,247</u>	<u>35,404</u>	<u>6,828,803</u>
Net book value At 3 April 1994	<u>6,928,814</u>	<u>1,163,197</u>	<u>37,248</u>	<u>8,129,259</u>

The land and buildings (housing land and buildings and commercial buildings) were valued as at 1 January 1992 by Venmore Thomas & Jones, Chartered Surveyors assisted by Edmund Kirkby, Chartered Surveyors. At that date the open market value was £9 million and thus a tax charge of £300,000 would arise should all the land and buildings be disposed of at this value. The value to a social landlord operating on a continuing basis, under the terms of the supplementary agreement entered into by Stockbridge Village Trust Limited when the estate was acquired, was £6.85 million. These valuations are not incorporated in the above figures.

An external valuation of the Trust's tower blocks was performed as at 2 April 1995. The valuation was performed by Venmore Thomas & Jones, Chartered Surveyors, on the basis of the value to a social landlord. The book value of the properties at 2 April 1995 was £1,515,483 and the valuation was £220,000. The diminution in value of £1,295,483 has been recognised in the income and expenditure account as an exceptional charge.

The total grants received to date in respect of Urban Programme and Derelict Land Grants are:

	1995 £	1994 £
Redevelopment work	11,495,223	11,495,223
Fixtures, fittings and equipment	9,789	9,789
	<u>11,505,012</u>	<u>11,505,012</u>

All the housing land and buildings are freehold.

7 Debtors

	1995 £	1994 £
Amounts falling due within one year:		
Trade debtors	108,531	134,097
Other debtors	40,684	7,783
Prepayments	36,425	167,881
	<u>185,640</u>	<u>309,761</u>

8 Creditors: amounts falling due within one year

	1995 £	1994 £
Trade creditors	218,801	156,517
Corporation tax	-	60,000
Other taxation and social security	6,740	6,757
Other creditors	58,694	57,892
Accruals	18,400	14,452
	<u>302,635</u>	<u>295,618</u>

9 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Local authority mortgage	1,341,126	1,341,126
Bank loans (capital)	2,921,400	3,751,400
Bank loans (rolled-up interest)	1,988,078	1,707,847
	<u>6,250,604</u>	<u>6,800,373</u>

The loans and overdraft are secured by fixed charges over the freehold land and buildings owned by the company.

Interest is paid on the local authority mortgage at the prevailing rate as prescribed by the DOE (currently 9.25%). No repayment of the capital sum is required on the local authority mortgage until such time that all the capital outstanding on bank loans has been settled. This will be repaid by instalments.

Interest on bank loans will accrue at the rate of 8% (not compounded). Accrued interest will be repaid once the capital has been repaid by instalments, which is expected to be by 1999/2000.

10 Provision for future cyclical maintenance

	1995 £	1994 £
Balance at 4 April 1994	380,167	522,073
Utilised in the year	(326,003)	(429,306)
Provided in the year	287,400	287,400
	<u>341,564</u>	<u>380,167</u>
Balance at 2 April 1995		

11 Share capital

The company is limited by guarantee without share capital.

12 Contingent liability

The Trust was previously insured by Municipal Mutual Insurance ("MMI"). MMI is currently in "run off" and recently entered into a Scheme of Arrangement with its creditors. MMI has outstanding claims relating to policies held by the Trust of approximately £58,000. If claims are not settled by MMI, this amount would be borne ultimately by the Trust.