



Registered Company number 4516155

EAST END HOMES LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2013**

EAST END HOMES LIMITED

Financial statements for the year ended 31 March 2013

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EAST END HOMES LIMITED

BOARD MEMBERS

Martin Young	Chair
Les Eldon	Vice Chair
Colin Antoine	
Bernard Cameron	
Jamir Chowdhury	
Desmond Ellerbeck	
Margaret Higgins	
Lesley Johnson	
Tuuli Lindberg	
Thomas Madden	
Neil McAree	
Maureen McEleney	
Muhammed Miah	
Mary Nepstad	
Amjad Rahi	
Janet Seward	
Cllr Helal Uddin	
Cllr Motin Uz-Zaman	

Appointed 20 November 2012

SENIOR MANAGEMENT TEAM

Paul Bloss	Chief Executive
Peter Gibbs	Director of Finance
John Henderson	Director of Housing
Steve Inkpen	Director of Regeneration & Strategy

SECRETARY

Peter Gibbs

EAST END HOMES LTD
REGISTERED OFFICE AND ADVISORS

Registered office

Tayside House
31 Pepper Street
London
E14 9RP

Auditors

Beever and Struthers
15 Bunhill Row
London EC1Y 8LP

Solicitors

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

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Legal status

Registered Company number 4516155
Registered Charity number 1107691
Registered by the Home and Communities Agency (formerly Tenant Services Authority) number
L4434

**EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

The Board is pleased to present its report and the audited financial statements for East End Homes Limited for the year ended 31 March 2013.

Operating and Financial Review

The Association

East End Homes was established in 2002 as a community led housing association to accept the transfer of homes from the London Borough of Tower Hamlets as part of their Housing Choice programme. The first transfer, Mile End East, took place on 11 April 2005, followed by St Georges and Island Gardens on 16 January 2006. Housing Choice is a programme to regenerate social housing estates of the borough through stock transfer and bring all up to the decent homes standard by 2010.

Structure, governance and management

East End Homes is a company limited by guarantee, governed by its Memorandum and Articles of Association and a registered charity administered by a voluntary Board of Management. It is also registered with the Homes & Communities Agency who took over responsibility for the regulation of social housing providers from the Tenant Services Authority on 1 April 2012.

The Board of Management comprise 18 non-executive directors at the year end listed on page 3; 8 resident members elected by the residents, 2 local authority members nominated by the London Borough of Tower Hamlets and 8 independent members. These non-executive members are responsible for the overall direction of East End Homes.

Recruiting Board Members: – Independent board members are recruited via advertising or sourcing through professional bodies. Applicants are interviewed by a panel to confirm their suitability. Training and induction of Board members is provided by officers and overseen by the Chief Executive.

Principal activities

East End Homes is in business to provide its residents in Tower Hamlets with quality homes, sustainable estates, and effective and efficient local housing services. East End Homes' principal activities are to effectively manage, maintain and develop homes, and to improve and regenerate its estates. Currently it provides 3,643 homes in the London Borough of Tower Hamlets.

As at 31 March 2013, East End Homes held 100% share (1 share of £1) in East End Homes (Community Development) Limited. Its principal activity is to generate funds from development opportunities to support East End Home's core activities.

Tenant led

East End Homes is committed to developing effective resident involvement in the management of its estates and in the overall governance arrangements of East End Homes. Tenants and leaseholders have significant representation on the main board of East End Homes and comprise a majority on each of the local boards and steering groups on the estates where we work. East End Homes believes that direct accountability to the local community and resident involvement in decision making are key elements in the overall strategy to improve service standards and provision.

EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED
31 MARCH 2013

Public Benefit

The Board are required under Charity Law to consider the public benefit delivered by the Charity. The Charity meets its public benefit obligations through its social housing activities which are explained in the rest of the report.

Our mission

To provide a local housing service which is efficient, gives value for money and meets the needs, priorities and aspirations of all residents

Our Vision

To achieve the comprehensive regeneration of our estates and bring about a sustained improvement in the homes and quality of life for residents.

Investment Programme

East End Homes continued work on regenerating all its housing estates, spending £17.1 million this year (2012:£17.4 million) on new build properties and refurbishment works to existing stock. To date East End Homes has spent £107.4 million out of a £133 million programme.

Financial Review

Income and Expenditure

East End Homes has delivered a strong financial performance in line with overall business plan objectives although the year on year group surplus is down £1.0 million from £3.9 million achieved in 2012 to £2.9 million in 2013. The surplus in 2012 included a one-off £1.3 million major works recharge to Leaseholders on the British Estate and Carter House on the Holland Estate. Excluding this income source, the group surplus has increased by £0.3 million from 2012 to 2013.

The key results of the Group are as follows:

Turnover: £18.0 million, up £1.0million from £17 million in 2012 primarily from;

- Additional £0.7 million overage income receipts from Telford Homes from the sale of new private homes at British Street, Eric & Treby and St George's Estates
- Additional £1.6 million rental income from the existing general needs properties and additional 73 new properties. Existing rents in general increased on average by 8.1% in line with the HCA approved rent restructuring calculations.

Offset by;

- One-off £1.3 million income receivable from major works recharges in 2012 to Leaseholders on the British Estate and Carter House on the Holland Estate following the completion of rechargeable refurbishment works

EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED
31 MARCH 2013

Financial Review (continued)

Operating costs: £13.2 million, up £1.5 million from £11.6 million in 2012; -primarily the result of increased costs of repairs and maintenance to housing properties (£0.5 million), provision for bad debt and write-offs (£0.2million), office relocation costs (£0.2million) and increased depreciation charge on existing housing properties (£0.2m).

Loan interest costs increased from £1.8 million in 2012 to £2.0 million in 2013, reflecting the full year impact of the additional £9 million loan drawn throughout the previous year.

There was one (1) Right to buy housing property sale during the course of the year which generated an additional £0.053 million surplus.

Balance Sheet

Capitalised costs of Housing properties has increased by £4.772 million to £124.813 million due to a further investment of £17.062 million on new build properties and refurbishment to existing stock offset by £12.018 million land disposals at Holland and Eric & Treby estates and Chapel House Street, and £0.272 million disposals from the sale of one (1) housing unit and the demolition of 49 units.

Reserves has increased by £1.6 million to £17.3 million from £2.9 million income and expenditure surplus generated in 2013 and after providing for £1.3 million unrealised actuarial deficit within the Local Government Pension Scheme and estimated employer debt on withdrawal from the Social Housing Pension Scheme.

Accounting Policy Changes

Accounting policies are set out on pages 21 to 23. Since 2012, East End Homes has adopted the requirements of the Statement of Recommended Practice (SORP 2010). The SORP 2010 is mandatory for registered providers of housing for all financial periods commencing on or after 1 April 2011. The main changes arising from the introduction of the SORP 2010 which affect East End Homes materially relate to component accounting.

Under component accounting, a housing property is divided into those major components that have substantially different useful economic lives and each component is depreciated over its useful life. This more reflects in the income and expenditure account the cost of using the asset.

Cash Flow

East End Homes cash balance at 31 March 2013 was £4.427 million (2012:£5.722 million), a cash reduction of £1.295 million from 1 April 2012. The cash reduction is the result of £19.895 million cash outflow being £17.673 million cash spend on refurbishment works to existing housing properties and new build properties, £1.898 million net interest costs paid and £0.324 million spend on the purchase of other fixed assets, offset by £18.60 million cash inflow from £12.071 land sales and right to buy property sales and £6.529 million from other operating activities.

EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED
31 MARCH 2013

Financial Review (continued)

Treasury Management

East End Homes has an agreed £60 million loan facility with Barclays Bank plc of which £39.5 million has been drawn down at 31 March 2013. This loan is secured on our homes.

The board has approved a treasury management policy to control the risks associated with its treasury activities. The policy sets out a clear framework of policies, procedures and delegated authorities, which require reporting on the operations of the treasury function to the Finance and Audit Committee and to the board on a quarterly basis. East End Homes manages its interest rate exposure by entering into a mixture of fixed and variable rate loan arrangements. The loans drawn down to 31 March 2013 comprise £30.5 million on a forward starting fixed rate arrangement and £9.0 million fixed rate amount.

Value for Money

East End Homes's overarching definition of VFM is optimizing sustainable performance of all its assets, including financial, social and environmental returns. East End Homes looks at VFM from three crucial elements:

- VFM
 - Delivering East End Homes's Vision, Mission and "One Tower Hamlets" ambitions by providing homes and services at the right cost, which are fit for purpose and of the right quality for the needs and aspirations of our residents and stakeholders
 - Reflecting priorities stated in the Business Plan (BP)
 - Delivering neighborhood regeneration and investment
- Return on Assets
 - Making the best use of physical and human resources and considering alternate models of service delivery
 - Maintaining financial viability and adhering to the banking covenants
 - Maximizing borrowing capacity to deliver East End Homes's ambitions
- Social Value
 - Capturing the social, economic and environmental benefits for stakeholders
 - Reality checking to confirm positive impacts
 - Reporting back to stakeholders, including producing the Annual Report to residents

East End Homes recent VFM Self Assessment highlighted that:

- The Board and the Executive team are focused firmly on Total VFM and the return on all assets particularly during this challenging and fast changing economic, political, regulatory and social landscape
- Managers and other staff are focused on their own service areas and apply a three E's approach to VFM by considering the balance between costs (economy), performance (efficiency) and customer satisfaction (effectiveness)

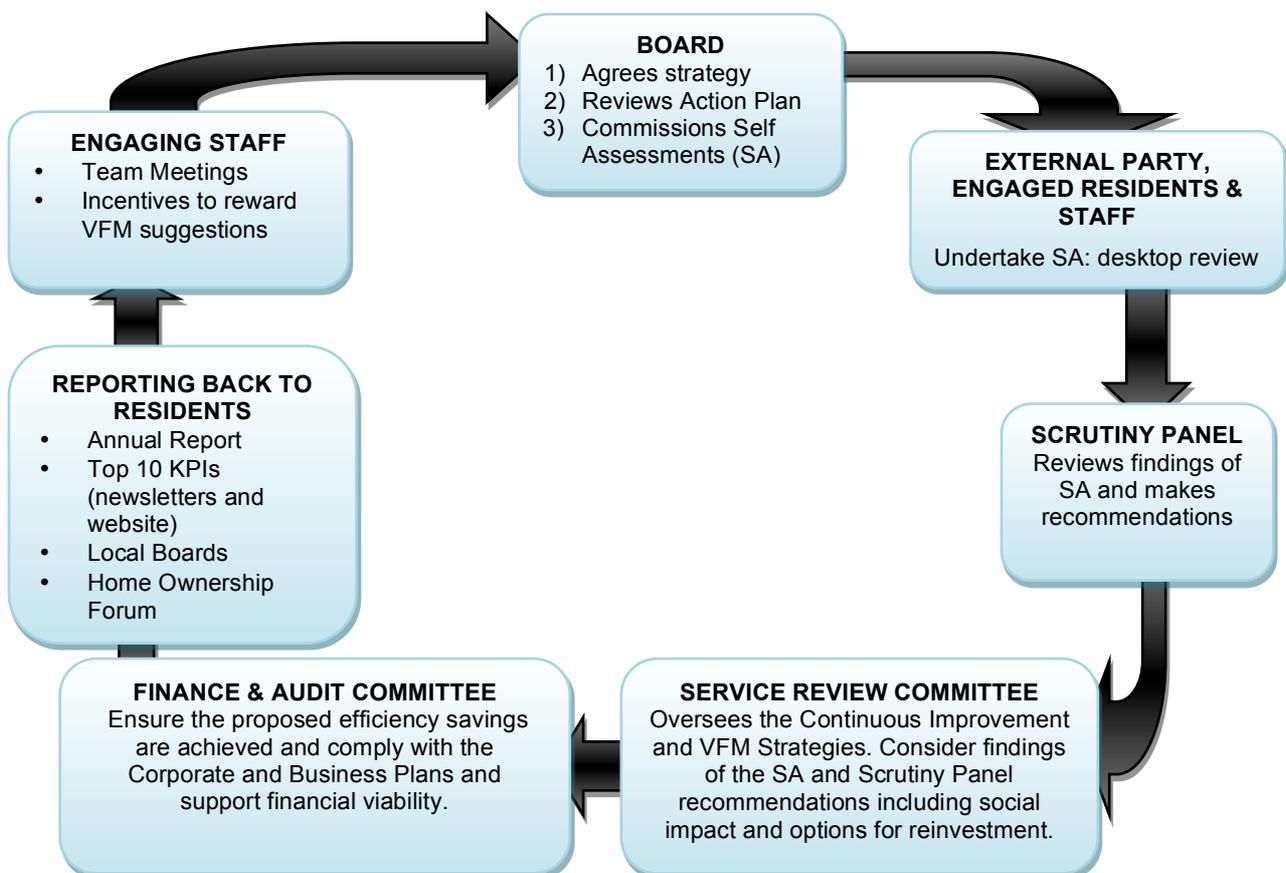
EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED
31 MARCH 2013

Value for Money (continued)

- Stakeholders such as London Borough of Tower Hamlets (LBTH) view VFM in terms of its own Community Plan and how East End Homes can help to deliver more new homes to tackle homelessness, overcrowding and help create sustainable communities
- Engaged residents are primarily interested in the regeneration programmes delivered by East End Homes, the impact on the quality of the local services and the associated costs.

In 2012 East End Homes reviewed its VFM Strategy as part of its continuous cycle of policy reviews, in consideration and context of the new regulatory standards and recent good practice such as the House Mark “Total VFM” model. The Board approved the new VFM Strategy and the following strengths are identified:

- A clear definition of both VFM and Social Value, the latter emphasises the need to capture the social, economic and environmental benefits for stakeholders
- An understanding of the need to measure return on assets
- A practical framework for managing, monitoring and reporting on VFM and spelling out the relevant roles for the Board, its Committees, the Executive (Senior Management Team), staff and residents



- Captured a track record of the organization’s VFM performance
- An up to date practical VFM Register and Action Plan is now in place

**EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED
31 MARCH 2013**

Value for Money (continued)

- A number of established tools for assessing VFM are already in place, including benchmarking, best value and service reviews, customer insight, sampling, equality impact assessments, budget setting and monitoring, Internal Audits, performance management framework and the VFM Self Assessment itself
- East End Homes is thinking ahead – so as part of its business planning process, the VFM Strategy will be reviewed in 2015 following on from the development of a new East End Homes Corporate Plan scheduled for 2014

Directors

The directors who have served during the year are disclosed in page 3.

Internal controls

The Board is responsible for East End Homes system of internal control and for its review. The system of internal control is designed to manage rather than eliminate the risk of failure to meet corporate objectives. It can provide reasonable, but not absolute assurance against the possibility of material misstatement or loss.

During the year under review, East End Homes has operated an ongoing process of risk management that enables it to identify, evaluate and manage the significant risks it faces. The Board is responsible for reviewing and managing the process.

The Board has adopted a process to review and gain assurance on the effectiveness of the system of internal control by the following means:

- a full programme of risk management activity overseen by the Finance and Audit Committee;
- regular reports from management covering performance and financial matters including key performance indicators;
- the outcome of the internal audit programme and the annual external audit and
- external review by the Home and Communities Agency (formerly Housing Corporation).

The system of internal control established by the Board consists of:

- sound corporate governance arrangements including the adoption of the National Housing Federation's Code of Governance, with the exception of the recommendation that maximum Board membership should be twelve;
- long term strategic plans with specific targets and objectives;
- a system of controls over financial operations and budgetary control;
- policies and procedures that are commensurate with East End Homes' standing orders and
- contingency planning arrangements to ensure the security of data, the ability to recover computer systems and maintain services in the event of major interruption.

**EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED
31 MARCH 2013**

Internal controls (continued)

There are no significant internal control issues that require disclosure in the annual financial statements. East End Homes has complied in full with the requirements of Home and Communities Agency (formerly Tenants Services Authority) Circular R2 - 07/07, "Internal Controls Assurance".

Fraud

East End Homes complies with the Home and Communities Agency (formerly Tenants Services Authority) requirements on fraud. In particular, we have a clear policy that has been approved by the Finance and Audit Committee.

The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Finance & Audit Committee and the Board. Currently, any fraud in excess of £5,000 must be reported to the Home and Communities Agency (formerly Tenant Services Authority).

In the year to 31 March 2013, there were no actual or attempted fraud cases.

Statement of the Board's responsibilities

The Companies Act and housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association, and of the surplus or deficit for that period. In preparing the financial statements, the Board is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association, and to enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2012. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Going concern

After making enquiries the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

In considering the financial position of the group the board has reviewed the short term cash flow forecast, available bank facilities and 30 year business plan.

**EAST END HOMES LIMITED
REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED
31 MARCH 2013**

Provision of information

The Board members who held office at the date of approval of this Board report, confirm that, so far as they are each aware there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Annual general meeting

The annual general meeting will be held on 23 September 2013.

Auditors

A resolution to reappoint Beever and Struthers Chartered Accountants as external auditors shall be proposed at the annual general meeting.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M. Young', with a stylized flourish extending to the right.

Martin Young (Chair)

23 September 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LIMITED

We have audited the financial statements of East End Homes Limited for the year ended 31st March 2013 which comprise the Group and Parent Income and Expenditure Accounts, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. 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 the board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 8, the board members (who are also the directors of the company for the purposes of company law) 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2013 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST END HOMES LTD

Opinion on financial statements (continued)

- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing in England 2012.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Board 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 board members' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.



James Lambden (Senior Statutory Auditor)
For and on behalf of Beaver and Struthers
Statutory Auditor

15 Bunhill Row
London
EC1Y 8LP

Date: 30 September 2013

**EAST END HOMES LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013 £'000	2012 £'000
Turnover	2	18,055	16,946
Operating costs	2	(13,203)	(11,588)
Operating surplus	2	4,852	5,358
Surplus on the sale of properties		53	351
Interest receivable and similar income	5	18	11
Interest payable and similar charges	6	(2,018)	(1,793)
Surplus for the year before taxation	7	2,905	3,927
Taxation	8	-	-
Surplus for the year		2,905	3,927
Income and Expenditure Account brought forward		17,551	13,624
Income and Expenditure Account carried forward		20,456	17,551

The notes on pages 21 to 43 form an integral part of these financial statements.

Movements in reserves are shown in note 16.

All amounts relate to continuing activities.

There is no difference between the surplus for the year stated above and its historical cost equivalent.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

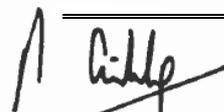
	Notes	2013 £'000	2012 £'000
Surplus for the year	16	2,905	3,927
Unrealised loss in Pension plan (note 19)	16	(1,322)	(1,574)
Total recognised surplus relating to the year		1,583	2,353



Martin Young (Chair)



Les Eldon (Vice Chair)



Peter Gibbs (Secretary)

**EAST END HOMES LIMITED
ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013 £'000	2012 £'000
Turnover	2	16,638	16,231
Operating costs	2	(13,173)	(11,538)
Operating surplus	2	3,465	4,693
Gift aid received from subsidiary		1,387	665
Surplus on the sale of properties		53	351
Interest receivable and similar income	5	18	11
Interest payable and similar charges	6	(2,018)	(1,793)
Surplus for the year	7	2,905	3,927
Income and Expenditure Account brought forward		17,539	13,612
Income and Expenditure Account carried forward		20,444	17,539

The notes on pages 21 to 43 form an integral part of these financial statements.

Movements in reserves are shown in note 16.

All amounts relate to continuing activities.

There is no difference between the surplus for the year stated above and its historical cost equivalent.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

	Notes	2013 £'000	2012 £'000
Surplus for the year	16	2,905	3,927
Unrealised loss in Pension plan (note 19)	16	(1,322)	(1,574)
Total recognised Surplus relating to the year		1,583	2,353



Martin Young (Chair)



Les Eldon (Vice Chair)



Peter Gibbs (Secretary)

EAST END HOMES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2013
Company number 4516155

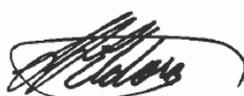
	Notes	2013 £'000	2012 £'000
Tangible fixed assets			
Housing properties	9	124,813	120,041
Less: Capital grant	9	(48,079)	(36,336)
Other grant	9	(7,624)	(19,244)
Depreciation	9	(5,360)	(3,984)
		<u>63,750</u>	<u>60,477</u>
Other tangible fixed assets	10	1,634	1,411
		<u>65,384</u>	<u>61,888</u>
Current assets			
Debtors			
- due within one year	11	2,874	3,368
- due after one year	11	969	986
Cash at bank and in hand		4,427	5,722
		<u>8,270</u>	<u>10,076</u>
Creditors			
Amounts falling due within one year	12	(7,470)	(8,678)
		<u>800</u>	<u>1,398</u>
Net current assets / (liabilities)			
		<u>66,184</u>	<u>63,286</u>
Creditors			
Amounts falling due after more than one year	13	45,117	45,124
Provision for liabilities and Charges	14	3,742	2,420
Capital and reserves			
Non equity share capital	15	-	-
Income and expenditure account	16	<u>17,325</u>	<u>15,742</u>
		<u>66,184</u>	<u>63,286</u>

The notes on pages 21 to 43 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 23 September 2013 and signed on its behalf by



Martin Young (Chair)



Les Eldon (Vice Chair)



Peter Gibbs (Secretary)

EAST END HOMES LIMITED
ASSOCIATION BALANCE SHEET
AS AT 31 MARCH 2013
Company number 4516155

	Notes	2013 £'000	2012 £'000
Tangible fixed assets			
Housing properties	9	124,813	120,041
Less: Capital grant	9	(48,079)	(36,336)
Other grant	9	(7,624)	(19,244)
Depreciation	9	(5,360)	(3,984)
		<u>63,750</u>	<u>60,477</u>
Other tangible fixed assets	10	1,634	1,411
		<u>65,384</u>	<u>61,888</u>
Investment in subsidiary	23	-	-
Current assets			
Debtors			
- due within one year	11	4,143	3,955
- due after one year	11	969	986
Cash at bank and in hand		<u>3,096</u>	<u>5,093</u>
		8,208	10,034
Creditors			
Amounts falling due within one year	12	(7,420)	(8,648)
		<u>788</u>	<u>1,386</u>
Net current assets/(liabilities)			
		<u>66,172</u>	<u>63,274</u>
Creditors			
Amounts falling due after more than one year	13	45,117	45,124
Provision for liabilities and Charges	14	3,742	2,420
Capital and reserves			
Non equity share capital	15	-	-
Income and expenditure account	16	<u>17,313</u>	<u>15,730</u>
		<u>66,172</u>	<u>63,274</u>

The notes on pages 21 to 43 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 23 September 2013 and signed on its behalf by



Martin Young (Chair)



Les Eldon (Vice Chair)



Peter Gibbs (Secretary)

EAST END HOMES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	1		6,529		5,761
Returns on investments and servicing of finance					
Interest received		18		13	
Interest paid		<u>(1,916)</u>		<u>(1,759)</u>	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(1,898)		(1,746)
Capital expenditure and financial investment					
Acquisition and construction of housing properties		(17,673)		(19,465)	
Other grant received		-		979	
Net proceeds on sale of housing properties		12,071		7,362	
Purchase of other tangible assets		<u>(324)</u>		<u>(31)</u>	
Net cash (outflow)/ inflow from capital expenditure and financial investment			(5,926)		(11,155)
Net cash (outflow)/ inflow before financing			<u>(1,295)</u>		<u>(7,140)</u>
Financing					
Housing loans received		-		9,000	
Housing loans repaid		-		-	
Net cash flow from financing			-		9,000
(Decrease)/increase in cash	3		<u><u>(1,295)</u></u>		<u><u>1,860</u></u>

**EAST END HOMES LIMITED
ASSOCIATION CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities	1		5,162		5,182
Returns on investments and servicing of finance					
Interest received		18		13	
Interest paid		<u>(1,916)</u>		<u>(1,759)</u>	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(1,898)		(1,746)
Gift Aid received from subsidiary company			665		232
Capital expenditure and financial investment					
Acquisition and construction of housing properties		(17,673)		(19,465)	
Other grant received		-		979	
Net proceeds on sale of housing properties		12,071		7,362	
Purchase of other tangible assets		(324)		(31)	
Net cash inflow/(outflow) from capital expenditure and financial investment			(5,926)		(11,155)
Net cash inflow/(outflow) before financing			<u>(1,997)</u>		<u>(7,487)</u>
Financing					
Housing loans received		-		9,000	
Housing loans repaid		-		-	
Net cash inflow from financing			-		9,000
(Decrease)/increase in cash	4		<u><u>(1,997)</u></u>		<u><u>1,513</u></u>

EAST END HOMES LIMITED
NOTES TO CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

1. RECONCILIATION OF OPERATING SURPLUS/ (DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Operating surplus	4,851	5,357	3,464	4,693
Depreciation charges	1,514	1,285	1,514	1,285
Decrease/(increase) in debtors	511	(3,190)	551	(3,105)
(Decrease)/increase in creditors	(347)	2,309	(367)	2,309
	<hr/>	<hr/>	<hr/>	<hr/>
	6,529	5,761	5,162	5,182
	<hr/>	<hr/>	<hr/>	<hr/>

2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Decrease in cash in the year	(1,295)	1,860	(1,997)	1,513
Cash inflow from additional loan drawings	-	(9,000)	-	(9,000)
Cash outflow from loan repayments	-	-	-	-
Change in Net funds	(1,295)	(7,140)	(1,997)	(7,487)
Net funds at start of the year	(33,778)	(26,638)	(34,407)	(26,920)
Net funds at end of the year	(35,073)	(33,778)	(36,404)	(34,407)

3. ANALYSIS OF CHANGES IN NET DEBT

	GROUP		
	At 31 March	Cash	At 1 April
	2013	Flows	2012
	£'000	£'000	£'000
Cash at bank and in hand	4,427	(1,295)	5,722
Debts due after more than one year	<hr/>	<hr/>	<hr/>
	(39,500)	-	(39,500)
	<hr/>	<hr/>	<hr/>
	(35,073)	(1,295)	(33,778)
	<hr/>	<hr/>	<hr/>

EAST END HOMES LIMITED
NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

4. ANALYSIS OF CHANGES IN NET DEBT

	ASSOCIATION		
	At 31 March 2013	Cash Flows	At 1 April 2012
	£'000	£'000	£'000
Cash at bank and in hand	3,096	(1,997)	5,093
Debts due after more than one year	<u>(39,500)</u>	<u>-</u>	<u>(39,500)</u>
	<u><u>(36,404)</u></u>	<u><u>(1,997)</u></u>	<u><u>(34,407)</u></u>

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

1. PRINCIPAL ACCOUNTING POLICIES

East End Homes Limited is a registered company under the provisions of the Companies Act 2006 and is registered as charity in accordance with the Charities Act 2011. It is also registered with the Homes & Communities Agency as a Registered Social Landlord under the provisions of the Housing and Regeneration Act 2008.

Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards and in accordance with the Accounting Direction for Social Housing in England from April 2012 and the Statement of Recommended Practice: “Accounting by Registered Social Housing Providers (Update 2010)” issued by the National Housing Federation. We have reviewed these accounting policies in line with the Financial Reporting Standard 18 – Accounting Policies (FRS 18).

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

Basis of Consolidation

The consolidated financial statements of East End Homes Limited incorporates the financial statements of East End Homes (Community Development) Limited under the acquisition accounting basis.

Turnover

Turnover represents rental income, service charges and management fees receivable.

Housing properties

Housing properties are stated at cost less capital grants less depreciation and less provision for any impairment in value. Apart from the Island Gardens Stock, all other stock was transferred to East End Homes at nil value.

The cost of properties is their purchase price at transfer, together with any directly attributable expenditure incurred in respect of improvements and component replacements. Items classified as improvements are works which result in an increase or an enhancement of the economic benefit of the property. Such enhancement can occur if the improvement works result in an increase in the net rental income such as additional rental income, a reduction in future maintenance costs or those that result in a significant extension of useful economic life. Property components as detailed in the table below and replacement of components are capitalised and depreciated and replaced components eliminated as disposals. All other major works expenditure is charged to the Income and Expenditure Account.

No provision is made for major repairs except to the extent that they represent contractual obligations at the balance sheet date. Contractual obligations for major repairs are shown under creditors falling due within one year. Only the direct overhead costs associated with improvements are capitalised.

Under SORP 2010, the costs of housing properties is split between their land and structure costs and a specific set of major components which require periodic refurbishment or replacement . The costs of refurbishment of or replacement of such components net of grant is capitalised and depreciated over the expected useful economic lives of the components as follows:

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013 (continued)

Housing properties (continued)

Component	Useful economic life (years)
Land	Not depreciated
Structure	100
Roof	30
Lift	50
Bathroom	30
Kitchen	25
Electrical	30
Heating Systems	20
Windows	30
Doors	30

Housing property components with estimated economic lives of more than 50 years are in accordance with Financial Reporting Standard 11 – Impairment of Fixed Assets and Goodwill (FRS 11) and SORP 10, subject to annual impairment reviews. Impairments resulting from a major reduction in service potential are recognised in the Income and Expenditure Account.

Sales of housing properties

Property sales are attributable to right to buy sales. The gain or loss on disposal of right to buy housing properties is recognised in the income and expenditure account at the date of transfer of title

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write the assets down to their residual values over their estimated useful economic lives, which are as follows:

Motor vehicles	-	3 years
Office furniture and equipment	-	5 years
Computer equipment	-	3 years
Office buildings	-	50 years

Recognition of Finance Costs

Interest on loans financing developments will be capitalised up to the date of practical completion of the scheme.

All costs of arranging loan facilities are amortised over the term of the loan.

Capital grants

Where properties have been financed wholly or partly by capital grants, the cost of those properties has been reduced by the amount of grant receivable. This policy is in contravention of the Companies Act 2006 but necessary to show a true and fair view and comply with the SORP.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013 (continued)

Pension costs

The Association participates in two multi-employer defined benefit (final salary) contributory pension schemes administered independently by London Borough of Tower Hamlets and The Pensions Trust. The expected cost of providing pensions, as calculated periodically by professional qualified actuaries, is charged to the Income and Expenditure Account in order to spread the cost over the service lives of employees in the schemes in a way that the pension cost is a substantially level percentage of the current and future pensionable payroll.

Taxation

East End Homes Limited and East End Homes (Community Development) Ltd are registered as a VAT group. A large proportion of East End Homes' income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the income and expenditure account.

The Association has charitable status and therefore is not subject to Capital Gains Tax or Corporation Tax on surpluses derived from charitable activities.

Operating leases

Rental paid under operating leases is charged to the income and expenditure account as incurred.

Provisions

East End Homes only provides for contractual liabilities and pension commitments which exist at the balance sheet date.

Treasury management

East End Homes adopts CIPFA's Code of Practice for Treasury Management in the Public Services (2001) and the accompanying Guidance Notes for Registered Social Landlords and follows the requirements of Home and Communities Agency (formerly Tenants Services Authority) Circulars (04/99 and 05/99).

Rent Setting

East End Homes adopts the Home and Communities Agency (formerly Tenants Services Authority)'s rent setting proposals as set out in their publication Rent influencing regime: Implementing the rent restructuring framework, updated in their circular 09/07.

Donated Land

Donated land is treated as other grant received and added to cost at the market value of the land at the time of the donation.

Going Concern

The accounts have been prepared on a going concern basis which the board has considered to be appropriate in the light of prevailing trading conditions; further details of the boards review are included in the report of the board.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

2. GROUP –TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2013 Operating Costs	Operating Surplus	Turnover	2012 Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings –General Needs	16,281	(12,702)	3,579	15,688	(11,251)	4,437
Income from non-social housing activities						
Shop lettings	466	(419)	47	650	(286)	364
Other income	1,308	(82)	1,226	608	(51)	557
Turnover	18,055	(13,203)	4,852	16,946	(11,588)	5,358
			Total			Total
			£'000			£'000
Income from social housing lettings –General Needs						
Rent receivable			12,742			11,000
Service charges & Major works						
Recharges receivable*			3,659			4,828
Other rents income			46			41
Gross rental income			16,447			15,869
less: rent losses from voids			(166)			(181)
Total turnover from social housing lettings			16,281			15,688
Operating costs on social housing lettings –General Needs						
Management			(2,154)			(2,314)
Services			(4,068)			(3,387)
Routine maintenance			(3,732)			(3,221)
Planned maintenance			(668)			(502)
Major repairs			(611)			(357)
Bad debts			(57)			(289)
Depreciation of housing properties			(1,412)			(1,181)
Total operating costs on social housing lettings			(12,702)			(11,251)
Operating surplus on social housing lettings –General Needs			3,579			4,437

*Included within Service Charges and Major Works Recharges receivable is an amount of £1,963,662(2012: £3,092,764) receivable from Leaseholders.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

2. ASSOCIATION -TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2013 Operating Costs	Operating Surplus	Turnover	2012 Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings –General Needs	16,204	(12,673)	3,531	15,647	(11,201)	4,446
Income from non-social housing activities						
Shop lettings	381	(419)	(38)	565	(286)	279
Other – including services provided to other East End Homes group entities	53	(81)	(28)	19	(51)	(32)
Turnover	<u>16,638</u>	<u>(13,173)</u>	<u>3,465</u>	<u>16,231</u>	<u>(11,538)</u>	<u>4,693</u>
			Total			Total
			£'000			£'000
Income from social housing lettings –General Needs						
Rent receivable			12,732			11,000
Service charges & Major Works Recharges receivable			3,593			4,787
Other rents income			45			41
Gross rental income			<u>16,370</u>			<u>15,828</u>
less: rent losses from voids			<u>(166)</u>			<u>(181)</u>
Total turnover from social housing lettings			<u>16,204</u>			<u>15,647</u>
Operating costs on social housing lettings –General Needs						
Management			(2,143)			(2,294)
Services			(4,063)			(3,380)
Routine maintenance			(3,723)			(3,205)
Planned maintenance			(666)			(498)
Major repairs			(609)			(354)
Bad debts			(57)			(289)
Depreciation of housing properties			(1,412)			(1,181)
Total operating costs on social housing lettings			<u>(12,673)</u>			<u>(11,201)</u>
Operating surplus on social housing lettings –General Needs			<u>3,531</u>			<u>4,446</u>

*Included within Service Charges and Major Works Recharges receivable is an amount of £1,898,062 (2012: £3,050,605) receivable from Leaseholders.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

3. DIRECTORS' EMOLUMENTS

The emoluments of the Chief Executive and Senior Management Team were £443,959 (2012: £452,600) of which the emoluments (excluding pension contributions) of the Chief Executive who was the highest paid director were £111,257 (2012:£123,036).

The Chief Executive is an ordinary member of London Borough of Tower Hamlets pension scheme. No enhanced or special terms apply.

None of the Members of the Board received any emoluments during the year and reimbursed expenses during the year amounted to £1,888 (2012: £1,928).

4. EMPLOYEE INFORMATION

The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:

	2013	2012
Full time	110	104
Part time	3	3
	<hr/>	<hr/>
	113	107
	<hr/>	<hr/>

Staff costs (for the above persons)

	2013	GROUP	2012
	£'000		£'000
Wages and salaries	3,737		3,634
Social security costs	332		334
Other pension costs	537		458
	<hr/>		<hr/>
	4,606		4,426
	<hr/>		<hr/>

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:

£60,000 - £70,000	<u>1</u>
£80,000 - £90,000	<u>2</u>
£90,000 - £100,000	<u>1</u>
£110,000 - £120,000	<u>1</u>

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Deposit interest receivable from short-term investment of surplus cash balances	18	11	18	11
	<u>18</u>	<u>11</u>	<u>18</u>	<u>11</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans	(2,018)	(1,793)	(2,018)	(1,793)
	<u>(2,018)</u>	<u>(1,793)</u>	<u>(2,018)</u>	<u>(1,793)</u>

7. SURPLUS ON ORDINARY ACTIVITIES

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Surplus on ordinary activities is stated after charging:				
Depreciation of housing properties	1,412	1,181	1,412	1,181
Depreciation of other tangible fixed assets	101	105	101	105
Rent & Service Charge arrears write off	14	62	14	62
External Auditors' remuneration:				
in their capacity as auditors	28	26	23	20
in other capacities	2	2	1	1
Office rent	89	91	89	91
Hire of other assets under operating leases	101	75	101	75

8. TAXATION

The Association has a charitable status and therefore has no liability to corporation tax for the year. Taxable profits of the subsidiary company are gift aided to the charitable parent to minimise the corporation tax liability for the group.

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
UK corporation tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

9. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (GROUP)

	Housing properties completed	Housing properties Under development	Housing properties refurbishment programme completed	Housing properties refurbishment programme uncompleted	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2012	34,519	17,950	63,508	4,064	120,041
Additions	-	10,673	169	6,220	17,062
Disposals	(12,018)	-	(272)	-	(12,290)
Completions in year	12,140	(12,140)	4,702	(4,702)	-
At 31 March 2013	34,641	16,483	68,107	5,582	124,813
Depreciation					
At 1 April 2012	(213)	-	(3,771)	-	(3,984)
Charged in year	(247)	-	(1,165)	-	(1,412)
Released on disposals	-	-	36	-	36
At 31 March 2013	(460)	-	(4,900)	-	(5,360)
Capital Grant					
At 1 April 2012	(6,718)	(4,598)	(23,431)	(1,589)	(36,336)
Additions	-	(10,647)	-	(1,096)	(11,743)
Completions in year	(4,883)	4,883	(561)	561	-
Disposals					
At 31 March 2013	(11,601)	(10,362)	(23,992)	(2,124)	(48,079)
Other Grant					
At 1 April 2012	(19,244)	-	-	-	(19,244)
Additions					
Disposals	11,620	-	-	-	11,620
At 31 March 2013	(7,624)	-	-	-	(7,624)
Net Book Value					
At 31 March 2013	14,956	6,121	39,215	3,458	63,750
At 1 April 2012	8,344	13,352	36,306	2,475	60,477

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

9. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (GROUP) (CONTD)

	2013	2012
	£'000	£'000
Housing properties at cost comprise:		
Freeholds	124,813	120,041
Long Leasehold	-	-
	<u>124,813</u>	<u>120,041</u>

The cost of housing properties completed includes £2.8million transfer value of properties at Island Gardens estate. It also includes the market value of the remaining development sites transferred to East End Homes £7.6 million as part of the stock transfer. These are treated as other grant received and added to cost.

Additions to housing properties during the year £17.1 million (2012: £17.4 million) relate to the capitalised costs of new build units, refurbishment works and fees £16.1million (2012: £16.5 million) and capitalised salaries and incremental overheads £1.0 million (2012:0.9 million).

At 31 March 2013 the Board estimated the vacant possession open market value of East End Homes housing properties to be £329.1 million (2012: £324.7 million).

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

10. OTHER TANGIBLE FIXED ASSETS - GROUP

	Office Buildings £'000	Computer Equipment £'000	Office Furniture & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost	1,463	513	133	105	2,214
At 1 April 2012					
Additions	131	193			324
Disposals					
At 31 March 2013	<u>1,594</u>	<u>706</u>	<u>133</u>	<u>105</u>	<u>2,538</u>
Depreciation					
At 1 April 2012	(128)	(459)	(120)	(96)	(803)
Charge for the year					
Disposals	(30)	(55)	(7)	(9)	(101)
At 31 March 2013	<u>(158)</u>	<u>(514)</u>	<u>(127)</u>	<u>(105)</u>	<u>(904)</u>
Net book value					
At 1 April 2012	<u>1,335</u>	<u>54</u>	<u>13</u>	<u>9</u>	<u>1,411</u>
At 31 March 2013	<u>1,436</u>	<u>192</u>	<u>6</u>	<u>0</u>	<u>1,634</u>

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

11. DEBTORS

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rental debtors	1,059	926	1,059	926
Provision for bad and doubtful debts	<u>(443)</u>	<u>(397)</u>	<u>(443)</u>	<u>(397)</u>
	616	529	616	529
Shop rental debtors	135	131	135	131
Provision for bad and doubtful debts	<u>(6)</u>	<u>(9)</u>	<u>(6)</u>	<u>(9)</u>
	129	122	129	122
Leasehold debtors	1,281	1,279	1,281	1,279
Provision for bad and doubtful debts	<u>(319)</u>	<u>(320)</u>	<u>(319)</u>	<u>(320)</u>
	962	959	962	959
Other debtors	412	951	417	955
Prepayments and accrued income	755	807	617	739
Amounts due from other group entities	-	-	1,402	651
	<u>1,167</u>	<u>1,758</u>	<u>2,436</u>	<u>2,345</u>
Amounts due within one year	<u>2,874</u>	<u>3,368</u>	<u>4,143</u>	<u>3,955</u>
Amounts falling due after more than one year:				
Loan arrangement fee	466	483	466	483
LBTH pension debtor	<u>503</u>	<u>503</u>	<u>503</u>	<u>503</u>
	969	986	969	986
	<u>3,843</u>	<u>4,354</u>	<u>5,112</u>	<u>4,941</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade creditors	657	817	617	793
Corporation tax	-	-	-	-
Other creditors including other taxes and social security	1,710	1,841	1,710	1,841
Accruals and deferred income	3,312	4,112	3,302	4,106
Capital grant received in advance	1,791	1,908	1,791	1,908
	<u>7,470</u>	<u>8,678</u>	<u>7,420</u>	<u>8,648</u>

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		ASSOCIATION	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Capital grant received in advance	5,617	5,624	5,617	5,624
Housing Loans	<u>39,500</u>	<u>39,500</u>	<u>39,500</u>	<u>39,500</u>
	<u>45,117</u>	<u>45,124</u>	<u>45,117</u>	<u>45,124</u>

There were no gap funding receipts during the course of the year. To date East End Homes has received £13.0 million DCLG gap funding to finance refurbishment works to the Glamis stock (£2.1 million), Holland & Denning stock (£1.2 million), and the St Georges stock (£9.7 million). All gap funding received is released over a period to match the capital costs of the refurbishment works.

Housing loans

The Association has an existing £60,000,000 loan facility with Barclays Bank plc of which £39,500,000 has been drawn down at 31 March 2013 at an average rate of interest of 5.3%. The facility includes a revolving credit facility for £10,000,000. Loans are secured by fixed charges over 1,737 of the association's housing properties, additional fixed charges will be granted in respect of future borrowings.

14. PROVISION FOR LIABILITIES AND CHARGES -GROUP

A provision of £3,742,000 has been made in respect of East End Homes' pension obligation under the London Borough of Tower Hamlets pension scheme (LGPS) and the Social Housing Pension scheme. This is in accordance with the accounting requirements of FRS17 –Accounting for Retirement Benefits. The movement in the provision during the year is analysed below:

	£'000
At 1 April 2012	(2,420)
Deficit on the Local Government Pension Scheme during the year recognised in STRGL	(1,202)
Estimated Employer debt on withdrawal from the Social Housing Pension Scheme year recognised in STRGL	(120)
At 31 March 2013	<u>(3,742)</u>

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

15. NON-EQUITY SHARE CAPITAL

The company is limited by guarantee and has no issued share capital. In the event of a winding up the members of the company are liable to subscribe for £1 each to satisfy their guarantee to the company.

16. RESERVES - GROUP

	Income and expenditure Account £'000
At 1 April 2012	15,742
Surplus for the year	2,905
Unrealised pension loss recognised in STRGL during the year	<u>(1,322)</u>
At 31 March 2013	<u>17,325</u>

16. RESERVES - ASSOCIATION

	Income and Expenditure Account £'000
At 1 April 2012	15,730
Surplus for the year	2,905
Unrealised pension loss during the year recognised in STRGL	<u>(1,322)</u>
At 31 March 2013	<u>17,313</u>

17. CAPITAL COMMITMENTS - GROUP

	2013 £'000	2012 £'000
Capital expenditure contracted for but not provided in the financial statements	3,494	5,311
Capital expenditure authorised by the Board but not yet contracted for	30,210	39,548

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

17. CAPITAL COMMITMENTS –GROUP (continued)

Capital expenditure authorised by the board relates to development agreements with London Borough of Tower Hamlets for refurbishment works to be carried out on properties transferred to East End Homes.

Capital commitments will be funded either by capital grant, drawdown of existing or new loan facilities or by internal resources.

18. OTHER FINANCIAL COMMITMENTS

At 31 March 2013 the association had an annual commitment under the lease of office equipment of £57,576 (2012: £74,772) expiring in less than 1 year and office building of £95,347 (2012: £95,347) expiring in less than 3 years.

19. PENSION OBLIGATIONS

East End Homes participates in two defined benefit final salary schemes, the London Borough of Tower Hamlets Pension Scheme and the Social Housing Pension Scheme (SHPS). The pension contributions as shown in note 4, represents contributions payable by East End Homes to both schemes.

The disclosures required by Financial Reporting Standard 17 are as follows:

London Borough of Tower Hamlets Pension Scheme (LGPS)

The LGPS is a defined benefit statutory scheme, administered by the London Borough of Tower Hamlets in accordance with the Local Government Pension Scheme regulations 1997, as amended. It is contracted out of the state second pension.

Contributions to the scheme are determined by a qualified actuary on the basis of valuations, using the projected unit method. The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2010.

Financial Assumptions

The financial assumptions used for the purposes of the FRS17 calculations as at 31 March 2012 and 31 March 2013 are shown in the table below.

Assumption as at	31 March 2013 % p.a.	31 March 2012 % p.a.
Pension Increase Rate	2.8	2.5
Salary Increases	5.1	4.8
Expected return on assets	4.5	5.2
Discount Rate	4.5	4.8

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

19. PENSION OBLIGATIONS (continued)

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2012 for the year to 31 March 2013).

The assets of the scheme as a whole and the expected returns as at 31 March 2012 and 31 March 2013 are shown in the table below:

Assets Main Fund	Value at 31 March 2013 £(000)	Value at 31 March 2012 £(000)	Expected Return at 31 March 2013 (% p.a.)	Expected Return at 31 March 2012 (% p.a.)
Equities	8,638	6,807	4.5	6.2
Bonds	2,667	1,756	4.5	3.3
Property	1,270	1,207	4.5	4.4
Cash	127	1,207	4.5	3.5
Total value of scheme assets	12,702	10,977	-	-

There is no provision for unitising the assets of a fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

The present value of the above assets and liabilities attributable to East End Homes at 31 March 2012 and 31 March 2013 was:

Net Pension Asset as at	31 March 2013 £(000)	31 March 2012 £(000)
Fair Value of Employer Assets	12,702	10,977
Present Value of Funded Liabilities	(15,664)	(12,737)
Net Underfunding in Funded Plans	(2,962)	(1,760)

In accordance with the accounting requirements of FRS17, the following items have been recognised in the financial statements of East End Homes:

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

	Period to 31 March 2013 £(000)	Period to 31 March 2012 £(000)
Actuarial Pension Plan Loss Recognised in STRGL	(1,202)	(914)

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

19. PENSION OBLIGATIONS (continued)

Impact on Balance Sheet

	31 March 2013	31 March 2012
	£(000)	£(000)
Fair Value of Employer Assets	12,702	10,977
Present Value of Funded Liabilities	(15,664)	(12,737)
Net Liability provided for in the Financial Statements	(2,962)	(1,760)

The movement in the deficit in the scheme during the year is as follows:

	Period to 31 March	Period to 31 March
	2013	2012
	£(000)	£(000)
Deficit at beginning of the year	(1,760)	(846)
Actuarial Losses during the year	(1,202)	(914)
Deficit at end of year	(2,962)	(1,760)

Pensions Obligations Note - Social Housing Pension Scheme (SHPS)

East End Homes participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

19. PENSION OBLIGATIONS (continued)

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

East End Homes currently operates the Final salary with a 1/60 accrual rate benefit structure for active members.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Eastend Homes paid contributions at the rate of 12.1%. Member contributions varied between 4.1% and 6.1%.

As at the balance sheet date there were 19 active members of the Scheme employed by Eastend Homes. The annual pensionable payroll in respect of these members was £734,532. Eastend Homes continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

19. PENSION OBLIGATIONS (continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,327 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,241 million, equivalent to a past service funding level of 65%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Valuation Discount Rates:	% p.a.
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
Pension Increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit Structure	Long-term Joint Contribution Rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

19. PENSION OBLIGATIONS (continued)

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates as set out in paragraph 14 above.

The Scheme Actuary will provide an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The results of this approximate update will be available in Spring 2014 and will be included in next year's Disclosure Note.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

19. PENSION OBLIGATIONS (continued)

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan). A response regarding the 30 September 2011 valuation is awaited.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

East End Homes has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2012. At this date the estimated employer debt for Eastend Homes £780,071.

EAST END HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2013

20. NUMBER OF HOMES IN MANAGEMENT - GROUP

The number of homes in management at the year end was:

	At 31 March 2013	At 31 March 2012
Rented general needs accommodation	2,227	2,203
Leasehold properties	1,416	1,419
	<hr/>	<hr/>
	3,643	3,622
	<hr/>	<hr/>

21. RELATED PARTY TRANSACTIONS

As at 31 March 2013, seven Board members were tenants or leaseholders of the association. Their tenancy agreements or leases have been granted on the same terms as for all other tenants and housing management procedures, including those relating to management of arrears, have been applied consistently to these tenants. The level of tenant or leaseholder Board member arrears is not materially different from other tenants and leaseholders.

Two Board directors are nominated by the London Borough of Tower Hamlets and are currently councillors. Some services were purchased from LBTH during the period. All agency services are covered by an arm's length contract, which was negotiated to ensure neither party subordinated its own separate interests; the Board members concerned are not able to use their position to their advantage. LBTH pays tenant housing benefit under the terms of current legislation and this is paid directly to East End Homes. There are no other related party transactions requiring disclosure.

22. SUBSIDIARY UNDERTAKING

As at 31 March 2013 East End Homes held 100% share (1 share of £1) in East End Homes (Community Development) Limited. Its principal activity is to generate funds from development opportunities in order to support East End Homes' core activities of regenerating neighbourhoods.

23. CONTROLLING PARTY

East End Homes is controlled by members in general meeting who elect the Board of Management.

