



Cheltenham Borough Homes
**Annual Report
and Accounts**
for the Year to 31st March 2006

produced September 2006

If English is not your first language and you would like a translation or audio tape of this information we can get one for you. Please contact the Community Involvement Team on 01242 775 913, email communityinvolvement@cheltborohomes.org or write to our Coronation Square Area Office.

Cantonese

如果英文不是你的第一語言，而你希望索取這份資料的中文譯本/錄音帶的話，我們可以為你安排。請聯絡平等機會主任，電話是 0800 408 0000。

Bengali

ইংরেজী যদি আপনার মাতৃভাষা না হয় এবং এই তথ্যের একটা অনুবাদ/কানে শোনার টেপ চান, তাহলে আপনার জন্য আমরা তা যোগাড় করে দিতে পারি। দয়া করে 0800 408 0000 নম্বরে ইকোয়ান অর্গানাইজিং অফিসারের সাথে যোগাযোগ করুন।

Gujarati

તમારી પહેલી ભાષા અંગ્રેજી નહિ હોય અને તમોને આ માહિતીનું ભાષાંતર/સાંભળવાની કસેટ જોઈતી હોય તો અમે તેની વ્યવસ્થા કરી શકીએ છીએ. મહેરબાની કરીને ઈસવલ ઓપોર્ચુનીટીઝ ઓફિસરનો 0800 408 0000 નંબર પર સંપર્ક સાંધશો.

Urdu

اگر انگریزی آپ کی مادری زبان نہیں ہے اور آپ کو ان معلومات کا ترجمہ / آڈیو ٹیپ درکار ہے تو ہم اس کا بندوبست کر سکتے ہیں۔ براہ مہربانی اکیویل اپرائیٹڈ آفیسر کو اس 0800 408 0000 نمبر پر فون کریں۔

Hindi

यदि अंग्रेजी आपकी पहली भाषा नहीं है और आपको इस जानकारी का अनुवाद चाहिए या यह जानकारी ऑडियो टेप पर चाहिए, तो हम आपके लिए यह तैयार करवा सकते हैं। कृपया ईक्वल ऑपर्ट्युनिटीज अफसर के साथ फोन नम्बर 0800 408 0000 पर संपर्क करें।

contents	Messages	2
	Introducing CBH	3
	Our vision and objectives	4
	Achievements	5
	Events	7
	Performance	8
	Corporate governance	9
	CBH Financial Statement	11



A message from the Chair of our Board

Mike Tyrrell

Although we were only set up in April 2003 we have already had a very positive effect on Cheltenham. We have achieved this by successfully applying for £31 million of government funding, improving over 1,800 homes and continuing to improve housing services for people who live in the homes we manage.

We aim to provide services to meet the needs and hopes of our tenants and leaseholders. We believe that Cheltenham Borough Homes should be able to provide these valued services for as long as our residents need them and so our plans do not end in 2010, (the end of our current management agreement with Cheltenham Borough Council). To do this we need to make sure we are in the best possible position to renew our management agreement, and to take advantage of any new freedoms we are given to provide more benefits to our residents.



A message from the Chief Executive

Paul Davies

We have delivered our services successfully over the last three years, fulfilled our annual commitments for the Council, and our activities are making a difference to the lives of our residents.

We were set up to create decent homes, and we will achieve that at the end of 2008, two years sooner than originally planned. The savings we have made with our construction partners on this work are being re-invested into new, large scale neighbourhood improvements. We also ensure we involve our residents in improving our services and retaining communities.

Last year was a very successful year – we were able to invest almost £15 million into council homes, and we have also improved our performance for the third year in a row on rent collection and empty homes management, and tenant satisfaction is also at high levels.

We provide a wide range of services to people 24 hours a day, 365 days a year, and these services have a dynamic impact on the quality of life of the poorest neighbourhoods in town.

We work with a number of other agencies to improve quality of life for our residents through our neighbourhood wardens and safer estates teams, which along with our patch based repairs team are recognised nationally as best practice.

Last year was just the start of what we can really do for Cheltenham and our residents. We remain committed to providing the housing service for the Council, to focusing on our local communities, and working with our partners on the local agendas for regeneration, inclusion and for community safety.

■ Introducing CBH



CBH's launch in 2003

Who we are

We are a not for profit company, limited by guarantee, working in social housing. We have responsibility for the management and maintenance of the council's housing stock and, by transfer, the relevant staff who worked on those functions. We were set up in response to the government's requirement for all council homes to be brought up to the 'Decent Homes Standard' by 2010.

Following a detailed consideration of the options available, Cheltenham Borough Council (CBC) decided to establish an Arms Length Management Organisation (ALMO) and CBH took on the management and maintenance of council housing in Cheltenham on 1st April 2003.

In the same year, we were successful in achieving a "good" inspection rating for our services from the Audit Commission and as a consequence the government made additional investment resources of £26 million available to help us meet the decent homes standard. In 2004, this was increased to over £31 million following a further submission by CBH to the government.

We provide an extensive and high quality landlord service for 4,753 rented homes and 426 leasehold homes, as at April 2006.

We directly employ 160 staff (151 full time equivalent staff), and have reviewed and updated our employment policies and practices to ensure we are amongst the best employers locally, and can retain the skills of our people.

■ Our vision and objectives



Starting in 2004 we carried out a widespread and extensive review of our objectives, structures and way of working. We did this in consultation with tenants and leaseholders, staff, the council and other stakeholders. This enabled our board to develop a new vision and business objectives for CBH and these were approved in September 2005. They provide us with the focus and clarity of purpose needed to drive CBH forward. Our vision and objectives are shown in the diagram above.

Our vision and objectives will be delivered through a variety of key business activities set out in our business plan, annual plan and team plans.

The four objectives underpin all of our work, helping to achieve our vision. A performance management framework has been established to monitor our performance against these objectives.

■ Achievements 2005/06



Decent Homes

2005-2006 saw our Creating Better Homes investment programme improve 1049 homes to a decent standard. Since CBH was set up in 2003 we have improved is approximately 1850 homes. At 1st April 2006 only 26% of our stock remains non-decent and we expect to have all homes made decent by the end of 2008 - two years before the government's deadline.

Community Involvement Strategy

Our new strategy has been developed in response to information gathered from tenants and leaseholder's responses to the Tenant Satisfaction Survey, service related focus groups and customer feedback. The aim of the strategy is to ensure that the experiences and opinions of tenants and leaseholders will enable CBH to continue improving services and address issues as they arrive.

Grounds maintenance and cleansing service reviews

Successful reviews of these services were undertaken which involved customer consultation, peer comparison and guidance on best practice. The reviews sought to improve efficiency and effectiveness of the services, adhering to our objective to 'deliver an excellent housing service' and ensure value for money for our customers. Both reviews resulted in improvement plans, which will be implemented over the next two years.

Customer contact

In line with best practice and following customer consultation CBH has implemented a new freephone service with a call management system for its tenants and leaseholders. This enables us to more effectively monitor the number and types of calls the company receives and at what time of day, helping us to adapt to our customers needs. CBH also makes use of a text messaging service and is currently in the final stages of implementing a Customer Relations Management system. This provides us with the ability to identify the customer immediately, enabling an accurate record of contact, delivering improved customer service at the point of contact and ensuring staff have relevant information at their fingertips at any location.

Complaints

In consultation with customers and staff we have developed our new complaints policy to handle complaints in a more uniform and corporate manner. We see complaints as a positive learning tool which enables us develop our people and business to high standards.

Linking in with our newly developed complaints procedure CBH has designed a better way to ensure that all external enquiries are handled in an appropriate manner and within agreed service standards.

Introduction of Junior Warden Scheme

Following four months of planning and a successful grant application for funding of £5000, secured from our local strategic partnership, saw our Junior Warden Scheme launched in January 2006 at the St Paul's Community House. Fourteen 8 – 11 years olds signed up to become Junior Wardens. Using a mix of information and rewards the young people learn about their local; identify and tackle local environmental issues, such as littering and healthy eating and help to improve their neighbourhood.



Organisational Development

CBH engaged consultants to help ensure we deliver the new vision and objectives set by the Board. This included a management development programme delivered to 35 middle and junior managers and the preparation of a new competency based performance and development system.

Review of Response Maintenance

A wide ranging review was carried out in consultation with customers and staff leading to improvements in effectiveness and efficiency of our Responsive Maintenance service. The 'man in the van' service implemented a new appointments scheme whereby tenants could choose a morning or afternoon appointment. In addition, to aid customers who cannot be home during normal working hours an additional 4-6pm slot was introduced. The success of this has led us to purchase a new electronic appointment module.

Local apprenticeships and training

CBH promotes the training of local skilled craftspeople through work with our strategic construction partners. An apprenticeship programme has been developed to offer young people the opportunity to train and work in their local community. Four local apprentices joined the apprenticeship programme during last year.



Tenants Conference

CBH's third annual conference was held on Saturday 3rd December 2005 and was attended by approximately 60 tenants and leaseholders. Using workshops, delegates looked at the CBH vision and objectives and used electronic voting to feedback their views on a range of issues including the investment programme. Delegates also toured 'market stall's' to give and receive information on CBH services.

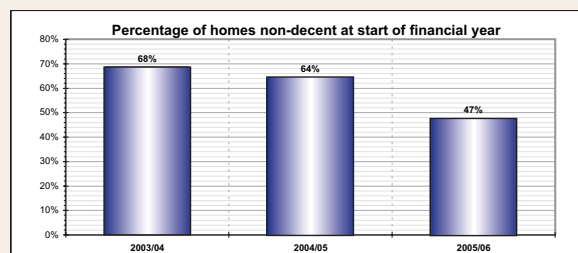
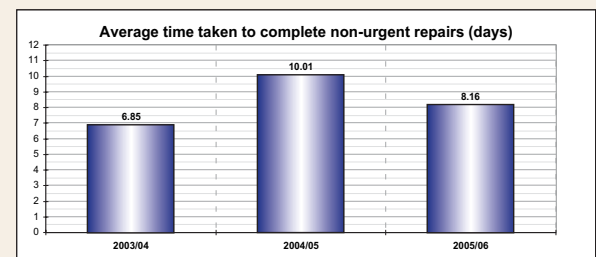
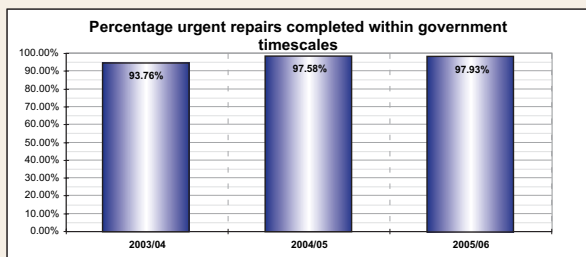
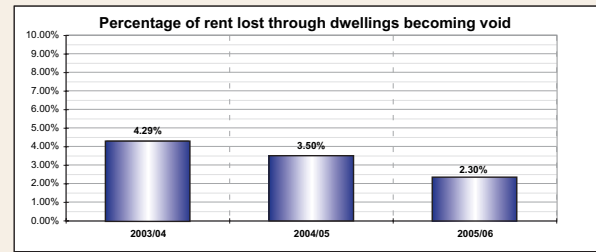
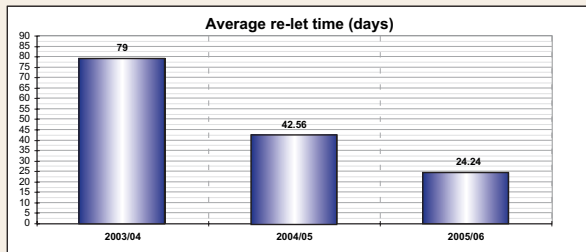
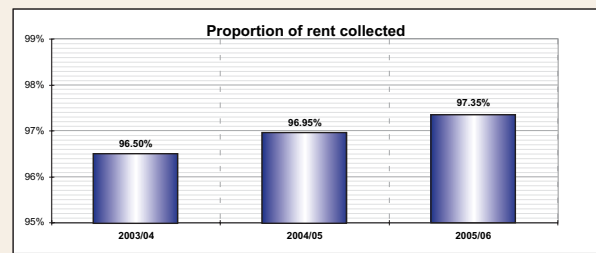
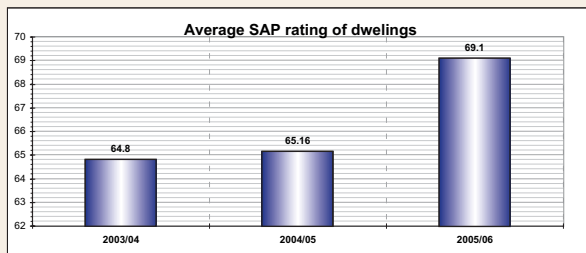
Oakley Community Fun Day

CBH led the inaugural Oakley Fun Day on Friday 3rd June 2005 which encouraged hundreds of local residents to descend on Clyde Crescent for a full day of activities. Local agencies pulled together to resource, fund and organise this successful day that included football, climbing, bouncy castles, circus skills and wacky races. The event also celebrated the improvements that had taken place earlier in the year to the park and the renaming of Clyde Crescent 'Door Step Green'. CBH also held the Whaddon Neighbourhood meeting in a marquee at the event which saw new faces attending. The event was so successful it has now become an annual event.



Performance statistics

Indicator	2003/04	2004/05	2005/06
Average Sap rating - local authority owned dwellings	64.8	65.2	69.1
Proportion of rent collected	96.50%	96.95%	97.35%
Average relet times in days	79	42.56	24.24
Percentage of rent lost through dwellings becoming vacant	4.29%	3.50%	2.30%
Percentage of urgent repairs completed within government time limits	93.76%	97.58%	99.13%
The average time taken to complete non urgent repairs in days	6.85	10.01	8.16
Percentage homes non-decent at start of the financial year	68.4%	64%	47%



Corporate governance

CBH Board Structure

The Board has fifteen non-executive directors. Currently, there exists one vacancy for a councillor who will be appointed by Cheltenham Borough Council.

Tenant Members	Independent Members	Councillor Members
<ul style="list-style-type: none"> • Mike Tyrrell (Chair) • Claude Bullingham • Fiona Bolton • Nesawar Ullah • Rex Hamey 	<ul style="list-style-type: none"> • Lawrence Boyd • Linda Phillips (Vice Chair) • Mark Paddison • Dave Simpson • Graham Carter 	<ul style="list-style-type: none"> • Lydia Bishop • Simon Wheeler • Colin Hay • Barbara Driver • Vacancy

Chair and Chief Executive Officer

As recommended by the Combined Code on Corporate Governance (2003), the two roles are not held by the same individual. The Chair of the Board is Mike Tyrrell, Tenant Board Member, and the Chief Executive Officer is Paul Davies. The Board is wholly non-executive.

Board Committees

There are three Committees which allows the Board to delegate specific tasks. All decisions taken at Committee level are presented at full Board meetings for information and in some cases for final approval. The Committees are:

Audit & Risk	Audit & Risk Committee Members
<ul style="list-style-type: none"> • overview of company activities and success • risk assessment and management • internal audit reports • external audit reports (including Best Value Inspector's report) • working group on Best Value preparation 	<ul style="list-style-type: none"> • Mark Paddison (Chair) • Linda Phillips (Vice Chair) • Mike Tyrrell • Claude Bullingham • Simon Wheeler

Resources	Resources Committee Members
<ul style="list-style-type: none"> • monitor the main 'company management' arrangements including Human Resources (HR), Information and Communication Technology (ICT), Data Protection, Public Relations (PR) and Marketing • monitor the financial arrangements of the Company 	<ul style="list-style-type: none"> • Lawrence Boyd (Chair) • Fiona Bolton • Linda Phillips (Vice Chair) • Mark Paddison • Graham Carter • <i>(Kevin Parker – staff representative)</i>

Operations	Operations Committee Members
<ul style="list-style-type: none"> • service delivery <ul style="list-style-type: none"> - housing management - repairs and investment (progress) - monitoring contracts - tenant participation 	<ul style="list-style-type: none"> • Claude Bullingham (Chair) • Lydia Bishop (Vice Chair) • Fiona Bolton • Dave Simpson • Nesawar Ullah • <i>Leaseholder representative to be appointed</i>

Board Meetings 2005/2006

During 2005/2006 the Board met eight times for six regular Board meetings and two Special Board meetings. The Company's Annual General Meeting was held on 27th July 2005 and an Extraordinary General Meeting was held on 28th September to present the company accounts for 2004/2005. This year, the Annual General Meeting in September will include presentation of the company accounts for 2005/2006.

Board Member's Individual Attendance at Board Meetings 2005/2006

The following table shows attendance for individual Board members throughout 2005/2006.

Name of Board Member	Number of Board and Special Board meetings attended
Claude Bullingham	8/8
Lydia Bishop	8/8
Lawrence Boyd	4/8
Linda Phillips	6/8
Mike Tyrrell	8/8
Simon Wheeler	7/8
Mark Paddison	8/8
Fiona Bolton (appointed 27 th July 2005)	5/7
Nesawar Ullah (appointed 27 th July 2005)	2/7
Dave Simpson (appointed 29 th March 2006)	1/1
Graham Carter (appointed 26 th July 2006)	n/a
Rex Hamey (appointed 26 th July 2006)	n/a
Barbara Driver (appointed 26 th July 2006)	n/a
Colin Hay (appointed 26 th July 2006)	n/a
Peter Bolan (deceased July 2005)	
Tony Brinley (resigned July 2005)	1/2
Rene Mathias (resigned July 2005)	1/2
Mike Euston (resigned May 2006)	5/8
Peter Nowson (resigned May 2006)	6/8
Martin Hale (resigned June 2006)	6/8
Alan Nicholson (resigned June 2006)	5/8
Robin MacDonald (resigned August 2006)	5/8

Board Performance Monitoring

In December 2005 the Board agreed the following process to be established for the evaluation performance of the Board as a collective and as individuals:-

- Biennial individual board member reviews with peer assessment and external assessment, with self assessment in intervening years
- An annual collective board performance review using evidence-based measures of added value
- Benchmark collective performance against similar organisations

Cheltenham Borough Homes is working towards full compliance with the best practice principles of the Combined Code of Corporate Governance (2003) through its Governance Improvement Plan.



Cheltenham Borough Homes Limited

Company Limited by Guarantee

FINANCIAL STATEMENTS

for the year ended 31 March 2006

DIRECTORS' REPORT

The following Directors are currently serving on the Board

Directors	Date of Appointment
L Bishop	
F Bolton	27 th July 2005
L Boyd	
C Bullingham	
G Carter	26 th July 2006
B Driver	26 th July 2006
R Hamey	26 th July 2006
C Hay	26 th July 2006
M S Paddison	
L C Phillips	
D Simpson	29 th March 2006
S M Tyrell	
N Ullah	27 th July 2005
S A Wheeler	

EXECUTIVE MANAGEMENT TEAM

P Davies	Chief Executive
R Dagger	Assistant Chief Executive (Resources)
P Stephenson	Assistant Chief Executive (Service Delivery)

COMPANY SECRETARY

R Dagger

REGISTERED OFFICE

Cheltenham House
Clarence Street
Cheltenham
Gloucestershire
GL50 3RD

AUDITORS

Baker Tilly
Chartered Accountants
1 Georges Square
Bath Street
Bristol BS1 6BP

BANKERS

Lloyds TSB
130 High Street
Cheltenham
GL50 1EW

SOLICITORS

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

The directors submit their report and financial statements of Cheltenham Borough Homes Limited for the year to 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the management and maintenance of Council owned homes in Cheltenham.

REVIEW OF THE BUSINESS

The company is limited by guarantee and is governed by its memorandum and articles of association. The liability in respect of the guarantee is set out in the memorandum of association and is limited to £1 per member of the company, the sole member being Cheltenham Borough Council.

The non-executive Board of Directors, which includes Borough councillors, tenants and independent professionals oversee and direct policy. All Board members act in an unpaid voluntary capacity. A team of three senior officers, led by the Chief Executive, are responsible for the strategic management of the company. A team of senior managers are responsible for the operational management of the company.

The company has a seven year contract with Cheltenham Borough Council, which commenced on 1 April 2003, to manage and maintain the Council's social housing stock.

Following the full implementation of Financial Reporting Standard 17 (FRS17) the company is now required to consolidate the financial position of the Pension Fund within the balance sheet and profit and loss account. The impact of this is that the accounts of the company for the year to 31 March 2006 show an accumulated reserve deficit of (£665,522). The deficit is made up of net pension deficit of (£910,000) and accumulated trading reserves of £244,478

The surplus for the company for the year ended 31 March 2006 following the FRS17 adjustment is £72,318, which represents a trading profit of £179,318 less net current pension service costs (£107,000). The accumulated reserves from trading activity to 31 March 2006 total £244,478. The Directors consider this to be a satisfactory financial position in line with the company's medium term financial strategy.

The company's key objectives include the continuous improvement of management services to tenants and leaseholders and the delivery of the Government's decent homes standard to all properties by 2008, two years earlier than Government targets.

Further significant progress has been made during this third year of trading, illustrated by the following achievements:-

- The successful management of the Decent Homes capital programme which will be completed in 2008, two years earlier than the Government target
- Review of governance and the preparation of a Governance Improvement Plan
- Establishment of a revised management structure to more effectively deliver business needs and performance
- Launch of innovative Junior Warden Scheme to engage young people in positive activities linked to environmental responsibilities
- Initiated a Value for Money review of materials usage, stores and use of vehicles for the Response Repairs Service
- Created a single freephone number for tenants wishing to contact CBH
- Initiated a Customer Relations Management project

Key activities in 2006/07 will include:-

- Improve corporate understanding and direction with regard to value for money and diversity issues
- Implementation of the Corporate Governance Improvement plan
- Complete 'Stronger Communities' project to provide a wide range of benefits to communities
- Implement improvement plans for communal cleansing and grounds maintenance services
- Implement a response repairs appointments module to provide a better service to tenants
- Development of the Customer Relations Management system (CRM)
- Implementation of a range of initiatives to increase community involvement

The Board considers the company is well placed to achieve its' medium term strategic objectives and expresses thanks to staff, customers and other partners and stakeholders for their contribution to the success of the company.

Former Directors

The following Directors were serving on the Board at 1st April 2005 but have since resigned.

Directors	Date of resignation
M J Euston	8 th May 2006
M R Hale	29 th June 2006
R C McDonald	26 th July 2006
A S Nicholson	29 th June 2006
P W Nowson	31 st May 2006

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors was approved by the members at the annual general meeting held in July 2005.

By order of the board

Mr Robert Dagger

.....
Company Secretary

12th September 2006

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELTENHAM BOROUGH HOMES LIMITED

We have audited the financial statements on pages 7 to 21.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHELTENHAM BOROUGH HOMES LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY
Registered Auditors
Chartered Accountants
1 Georges Square
Bath Street
Bristol
BS1 6BP

12th September 2006

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2006

	Notes	31 March 06 £	31 March 05 Restated £
TURNOVER		7,209,916	6,898,738
Cost of sales		427,847	558,404
Gross profit		<u>6,782,069</u>	<u>6,340,334</u>
Administrative expenses		6,791,900	6,482,332
OPERATING LOSS	2	(9,831)	(141,998)
Interest receivable	4	3,505	3,822
Other finance income/(charges)	14	62,000	90,000
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		55,674	(48,176)
Taxation refund/(charge)	5	16,644	(6,396)
RETAINED PROFIT / (LOSS) FOR THE FINANCIAL PERIOD		<u>72,318</u>	<u>(54,572)</u>

The profit for the year arises from the company's continuing operations.

STATEMENT OF RECOGNISED GAINS AND LOSSES for the year ended 31 March 2006

	31 March 06	31 March 05
	Notes	Restated
	£	£
All amounts relate to continuing activities.		
Surplus/(deficit) for the period	72,318	(54,572)
Actuarial gains/(losses) relating to the period	(250,000)	(690,000)
	<u> </u>	<u> </u>
Total gains and losses relating to the period	(177,682)	(744,572)
	<u> </u>	<u> </u>
Prior period adjustment	14 (553,000)	
	<u> </u>	
Total gains and losses since last annual report	(730,682)	
	<u> </u>	

	Notes	31 March 06 £	31 March 05 Restated £
FIXED ASSETS			
Tangible assets	6	219,771	173,938
CURRENT ASSETS			
Stocks		122,861	108,268
Debtors	7	856,676	798,139
Cash at bank & in hand		1,650	700
		<u>981,187</u>	<u>907,107</u>
CREDITORS			
Amounts falling due within one year	8	956,480	1,015,885
		<u>981,187</u>	<u>907,107</u>
NET CURRENT ASSETS / (LIABILITES)		24,707	(108,778)
TOTAL ASSETS LESS CURRENT LIABILITIES		244,478	65,160
PENSION LIABILITIES			
	14	910,000	553,000
		<u>(665,522)</u>	<u>(487,840)</u>
RESERVES			
Profit and loss account	11	(665,522)	(487,840)
MEMBERS' FUNDS		(665,522)	(487,840)

These financial statements were approved by the directors on 12th September 2006 and are:

.....
 Lawrence Boyd
 (Independent Director)

.....
 Michael Tyrrell
 (Tenant Member and Chair of the Board)

Cheltenham Borough Homes Limited
CASH FLOW STATEMENT 31 March 2006

	Notes	31 Mar 06 £	31 Mar 05 £
Net cash flow from operating activities	12	170,988	130,106
Returns on investments and servicing of finance	12	3,505	3,822
UK corporation tax		10,248	(9,749)
Capital expenditure and financial investment	12	(158,891)	(213,332)
INCREASE IN CASH IN THE PERIOD		25,850	(89,153)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		31 Mar 06 £	31 Mar 05 £
Increase in cash in the period		25,850	(89,153)
MOVEMENT IN NET FUNDS IN THE PERIOD		25,850	(89,153)
NET (DEBT)/FUNDS AT 1 APRIL 2005	12	(51,720)	37,433
NET DEBT AT 31 MARCH 2006	12	(25,870)	(51,720)

I. ACCOUNTING POLICIES**BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has a deficiency of net assets as a result of the provision for future pension commitments. The directors consider it appropriate to prepare the accounts on a going concern basis which assumes the company will be able to meet its liabilities as they fall due.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Vehicles & Plant	-	20% straight line
Fixtures & Fittings	-	33% straight line
Computer equipment	-	33% straight line
Tools & operational equipment	-	33% straight line
Leasehold buildings	-	Over the life of the lease

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

GRANTS

These relate to grants from local authorities in respect of revenue expenditure. The grants are credited to the income and expenditure account in the same period as the expenditure to which they relate.

1. ACCOUNTING POLICIES (continued)**PENSION COSTS**

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and Loss Account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

The company have applied the full requirements of FRS 17 (retirement benefits) for the first time this year. This has resulted in the scheme deficit being recognised and the expense being the estimated cost of providing the benefits and related finance costs being recognised in the year, where previously the expense had effectively been the contributions payable per the funding plan.

The impact of this change in accounting policy is shown in note 11.

For defined benefits schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets share included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

2. OPERATING LOSS

Operating Loss is stated after charging:

	Year ended 31 Mar 06	Year ended 31 Mar 05
	£	£
Staff pension contributions	551,498	520,472
Depreciation of owned fixed assets	113,058	66,900
Auditors' fees - audit	10,821	13,254
- non audit	6,350	3,517
	=====	=====

3. PARTICULARS OF EMPLOYEES

The average monthly number of staff employed by the company during the financial year amounted to:

	Year ended 31 Mar 06	Year ended 31 Mar 05
	No	No
Administration	158	155
	=====	=====

3. PARTICULARS OF EMPLOYEES (continued)

The aggregate payroll costs of the above were:

	Year ended 31 Mar 06	Year ended 31 Mar 05
	£	£
Wages and salaries	3,592,359	3,280,249
Social security costs	282,826	255,209
Other pension costs	551,498	520,472
	4,426,683	4,055,930

Staff Costs include:

Staff with emoluments in the range:

	Year ended 31 Mar 06	Year ended 31 Mar 05
	No	No
£55,000 to £60,000	1	-
£60,000 to £65,000	1	1

4. INVESTMENT INCOME

	Year ended 31 Mar 06	Year ended 31 Mar 05
	£	£
Other interest receivable	3,505	3,822

5. TAXATION

	Year ended 31 Mar 06	Year ended 31 Mar 05
	£	£
Current tax	-	6,396
Adjustments in respect of previous periods	(16,644)	-
	(16,644)	6,396

6. TANGIBLE FIXED ASSETS

	Plant & Machinery	Fixtures & Fittings	Computer Equipment	Leasehold Buildings	Tools & Operational Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2005	27,862	59,786	61,604	78,597	23,294	251,143
Additions	2,065	19,483	85,285	48,977	3,081	158,891
At 31 March 2006	29,927	79,269	146,889	127,574	26,375	410,034
Depreciation						
At 1 April 2005	9,020	26,786	20,534	13,100	7,765	77,205
Charge for the period	5,985	26,423	48,963	22,895	8,792	113,058
At 31 March 2006	15,005	53,209	69,497	35,995	16,557	190,263
Net book value						
At 31 March 2006	14,922	26,060	77,392	91,579	9,818	219,771
At 31 March 2005	18,842	33,000	41,070	65,497	15,529	173,938

7. DEBTORS

	2006	2005
	£	£
Trade debtors	746,621	740,987
Other debtors	110,055	57,152
	856,676	798,139

8. CREDITORS: Amounts falling due within one year

	2006	2005
	£	£
Bank overdraft	27,520	52,420
Trade creditors	501,787	510,837
Corporation tax	-	6,396
Other taxation and social security	336,473	354,397
Other creditors	90,700	91,835
	956,480	1,015,885

9. RELATED PARTY TRANSACTIONS

Cheltenham Borough Council

Cheltenham Borough Homes is an Arms Length Management Organisation from Cheltenham Borough Council to run the management and maintenance function of the Councils homes and other buildings.

During the year the company supplied goods and services to Cheltenham Borough Council totalling £6,237,209 (2005: £5,619,780). The company purchased goods and services of £1,225,809 (2005: £1,199,834) from the Council during the year, and also transferred £2,974,864 (2005: £2,619,355) to the Council for goods and services that were paid by them on the companies behalf.

The Council owed the company	£726,107
The company owed the Council	<u>£237,813</u>
Net owed to the company by the Council	£488,294 (2005: £439,810) at the year end.

10. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and is governed by its memorandum and articles of association. The guarantors are listed in the Company's Register of Members. The liability in respect of the guarantee are set out in the memorandum of association, is limited to £1 per member of the Company.

11. PROFIT AND LOSS ACCOUNT

	Year ended 31 Mar 06	Year ended 31 Mar 05 Restated
	£	£
At 1 April 2005 as previously stated		42,732
Prior period adjustment		214,000
	<hr/>	<hr/>
At 1 April 2005 as restated	(487,840)	256,732
Retained profit for the year	72,318	(54,572)
Actuarial gain/loss on pensions	(250,000)	(690,000)
	<hr/>	<hr/>
At 31 March 2006	(665,522)	(487,840)
	<hr/> <hr/>	<hr/> <hr/>

The prior year adjustment relates to the impact of the adopting Financial Reporting Standard 17 (FRS 17) by the company for the first time and bringing the pension liability onto the balance sheet. This has resulted in a pension liability of £910,000 being accounted for in the financial statements and a prior year adjustment of £553,000 reducing the brought forward reserve at 1 April 2005. It has also led to a reduction in the profit for the year by £107,000 (2005: £77,000).

The pension asset of £214,000 existing at 31 March 2004 has been incorporated via the profit and loss account reserve as shown above and further information on the affect of FRS 17 is explained in note 14.

In addition to the above impact on reported profits, there has been a debit to reserves in 2005, reported through the Statement Total Recognised Gains and Losses, of £690,000 being the actuarial loss in the pension plan.

11. PROFIT AND LOSS ACCOUNT (continued)

The prior year adjustment has impacted as follows:

	£
Pension scheme asset at 1 April 2005 (opening reserve)	214,000
Impact on profit and loss account in 2005	(77,000)
Impact on STRGL in 2005	(690,000)
	<hr/>
Pension scheme deficit at 31 March 2006	(553,000)
	<hr/> <hr/>

The profit and loss account reserve is represented by:

	Year ended 31 Mar 06 £	Year ended 31 Mar 05 £
Pension Reserve	(910,000)	(553,000)
Profit and loss account reserve	244,478	65,160
	<hr/>	<hr/>
At 31 March 2006	(665,522)	(487,840)
	<hr/> <hr/>	<hr/> <hr/>

12. CASH FLOWS**a Reconciliation of operating loss to net cash inflow from operating activities**

	Year ended 31 Mar 06 £	Year ended 31 Mar 05 £
Operating loss	(9,831)	(141,998)
Current service pension costs	549,000	474,000
Contributions paid	(380,000)	(307,000)
Depreciation	113,058	66,900
Increase in stocks	(14,593)	(12,365)
Increase in debtors	(58,538)	(276,025)
Increase in creditors	(28,108)	326,594
	<hr/>	<hr/>
Net cash inflow from operating activities	170,988	130,106
	<hr/> <hr/>	<hr/> <hr/>

12. CASH FLOWS (continued)**b Analysis of cash flows for headings netted in the cash flow****Returns on investment and servicing of finance**

	Year ended 31 Mar 06	Year ended 31 Mar 05
	£	£
Interest received	3,505	3,822
Net cash inflow from returns on investments and servicing of finance	3,505	3,822

Capital expenditure

	Year ended 31 Mar 06	Year ended 31 Mar 05
	£	£
Payments to acquire tangible fixed assets	(158,891)	(213,332)
Net cash outflow from capital expenditure	(158,891)	(213,332)

c Analysis of net funds

	At 1 Apr 05	Cash flows	At 31 Mar 06
	£	£	£
Cash in hand and at bank	(51,720)	25,850	(25,870)
Total	(51,720)	25,850	(25,870)

13. POST BALANCE SHEET EVENTS

There have been no events which have occurred since the balance sheet date that could have a material effect on the company.

14. PENSION COMMITMENTS

The Company is a scheduled member into the Local Government Superannuation scheme. This is a funded defined benefit scheme. Employees are eligible to join the Local Government Superannuation scheme subject to certain qualifying criteria. The contribution rates are those recommended by the Fund's actuary Hymans Robertson and was set on the basis of:-

- The relationship between the assessed value of assets and the accrued value of liabilities of pensionable service to 31 March 2006.
- The level of contribution needed to meet the cost of the year by year accrued benefits in the future.
- The change in terms of contracting out of SERPS.

14. PENSION COMMITMENTS (continued)

The date of the last valuation was 31 March 2004. The market value of the scheme's assets at 31 March 2004 was £5,318,000. The actuarial valuation, done using the projected unit method was based on economic and statistical assumptions, the main ones being:

i. The rate of accumulation of income and capital on new investments over the long term and the increase from time to time of income from existing investments ii. Future rises in pensionable pay due to inflation etc, and pension increases iii. Withdrawals from membership due to mortality, ill health and ordinary retirement iv. Progression of pensionable pay due to promotion.

In 2004/05 and 2005/06 the employer and employee contribution rates were 12.5% and 6% respectively. Some manual workers have a protected employee rate of 5% under TUPE regulations.

Extracted from Hymans Robertson Report:

Financial Assumptions

Assumptions as at	31 Mar 06	31 Mar 05	31 Mar 04
	% per annum	% per annum	% per annum
Price increases	3.1%	2.9%	2.9%
Salary increase	4.6%	4.4%	4.7%
Pension increases	3.1%	2.9%	2.9%
Discount rate	4.9%	5.4%	6.5%

The inflation assumption has been derived by considering the difference in gross redemption yields of traditional and index-linked gilt-edged securities as at 31 March 2006. Salary increases are assumed to be 1.5% more than price increases, in line with the assumption used in the latest formal valuation of the fund.

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 2006 for the year to 31 March 2007).

FRS17 requires that the expected return on assets is to be set by the employer having taken actuarial advice. The expected returns as at 31 March 2004, 31 March 2005 and 31 March 2006 are shown in the table below:

Asset class	Expected return at		
	31 Mar 06	31 Mar 05	31 Mar 04
	% per annum	% per annum	% per annum
Equities	7.4%	7.7%	7.7%
Bonds	4.6%	4.8%	5.1%
Property	5.5%	5.7%	6.5%
Cash	4.6%	4.8%	4.0%

14. PENSION COMMITMENTS (continued)

There is a range of actuarial assumptions that are acceptable under the requirements of FRS17, particularly in respect of the expected return on equities. The assumed returns are net of administration and investment expenses. No allowance has been included in the cost of accruing benefits for expenses.

Results and Disclosure

The results of Hymans Robertson's calculations for the year ended 31 March 2006 are set out below. They estimate that the Net Pension Asset as at 31 March 2006 is a liability of £910,000 (31 March 2005 is a liability of £553,000).

Assets (employer)	Long Term		Long Term		Long Term	
	Return at 31 Mar 06 % p.a.	Assets at 31 Mar 06 £000	Return at 31 Mar 05 % p.a.	Assets at 31 Mar 05 £000	Return at 31 Mar 04 % p.a.	Assets at 31 Mar 04 £000
Equities	7.4%	6,190	7.7%	4,508	7.7%	3,807
Bonds	4.6%	2,281	4.8%	1,758	5.1%	845
Property	5.5%	600	5.7%	462	6.5%	369
Cash	4.6%	225	4.8%	370	4.0%	297
Total	6.5%	9,296	6.7%	7,098	7.1%	5,318

	31 Mar 06	31 Mar 05	31 Mar 04
	£000	£000	£000
Net pension asset as at			
Estimated Employer Assets (A)	9,296	7,098	5,318
Present value of Scheme liabilities	10,206	7,650	5,104
Present value of unfunded liabilities	-	-	-
Total value of liabilities (B)	10,206	7,650	5,104
Net Pension Asset (A) – (B)	(910)	(553)	214

Analysis of amount charged to operating profit

Amount charged to operating profit	Year to 31 Mar 06		Year to 31 March 05	
	£000	% of payroll	£000	% of payroll
Service cost	549	17.8%	474	17.6%
Past service costs	-	-	-	-
Curtailement and settlements	-	-	-	-
Decrease in irrecoverable surplus	-	-	-	-
Total operating charge (A)	549	17.8%	474	17.6%

14. PENSION COMMITMENTS (continued)

Amount credited to other finance income	Year to 31 Mar 06		Year to 31 March 05	
	£000	% of payroll	£000	% of payroll
Expected return on employer assets	492	16.0%	386	14.4%
Interest on pension scheme liabilities	(430)	(14.0%)	(296)	(11.0%)
Net return (B)	62	2.0%	90	3.4%
Net revenue account cost (A) - (B)	487	15.8%	384	14.2%

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

	Year to 31 Mar 06	Year to 31 Mar 05
	£000	£000
Actual return less expected return on pension scheme assets	1,216	160
Experience gains and losses arising on the scheme liabilities	6	(864)
Changes in financial assumptions underling the present value of the scheme liabilities	(1,472)	14
Actuarial gain/ (loss) in pension plan	(250)	(690)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial gain/(loss) recognised in STRGL	(250)	(690)

Movement in surplus/deficit during the year

	Year to 31 Mar 06	Year to 31 Mar 05
	£000	£000
Surplus/ (deficit) at beginning of the year	(553)	214
Current service cost	(549)	(474)
Employer contributions	380	307
Contributions in respect of unfunded benefits	-	-
Other income	-	-
Other outgo (e.g. expenses, etc)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net return on assets	62	90
Actuarial gains/(losses)	(250)	(690)
Surplus/(deficit) at end of year	(910)	(553)

14. PENSION COMMITMENTS (continued)

History of experience gains and losses

	Year to 31 Mar 06	Year to 31 Mar 05
	£000	£000
Difference between the expected and actual return on assets	1,216	160
Value of assets	9,296	7,098
Percentage of assets	13.1%	2.3%
Experience gains/ (losses) on liabilities	(6)	(864)
Total present value of liabilities	10,206	7,645
Percentage of the total present value of liabilities	(0.1%)	(11.3%)
Actuarial gains/(losses) recognised in STRGL	(250)	(690)
Total present value of liabilities	10,206	7,645
Percentage of the total present value of liabilities	(2.4%)	(9.0%)

The following pages do not form part of the statutory financial statements which are the subject of the independent auditors' report on page 16.

DETAILED PROFIT AND LOSS ACCOUNT *for the year ended 31 March 2006*

	Year ended 31 March 06	Year ended 31 March 05 Restated
	£	£
TURNOVER		
Management fees	4,701,012	4,209,324
Operational income	2,508,904	2,689,414
	<u>7,209,916</u>	<u>6,898,738</u>
COST OF SALES		
Materials and tool hire	387,383	495,298
Depreciation tools	8,721	7,765
Subcontractors	4,859	17,332
Waste disposal	26,885	38,009
	<u>427,848</u>	<u>558,404</u>
Gross profit	6,782,069	6,340,334
OVERHEADS		
Administrative expenses	6,791,900	6,482,332
OPERATING LOSS	(9,831)	(141,998)
Interest receivable	3,505	3,822
LOSS ON ORDINARY ACTIVITIES	<u><u>(6,326)</u></u>	<u><u>(138,176)</u></u>

	Year ended 31 March 06	Year ended 31 March 05 Restated
	£	£
ADMINISTRATIVE EXPENSES		
Personnel costs		
Wages and salaries	3,592,359	3,280,249
Temporary Staff	370,512	510,622
Staff national insurance contributions	282,826	255,209
Staff pension contributions	551,498	520,472
	<hr/>	<hr/>
	4,797,195	4,566,552
Establishment expenses		
Rent & other premises costs	294,083	201,723
Depreciation leasehold buildings	22,895	13,100
	<hr/>	<hr/>
	316,977	214,823
General expenses		
Motor expenses	77,647	96,053
Car benefit scheme, travel and subsistence	98,277	80,444
Non contract maintenance	6,967	6,116
Vehicle hire	18,732	62,547
Contracted fleet costs	121,246	151,272
Telephone	62,939	66,430
Equipment	6,479	12,961
Printing	34,467	39,400
Stationery and postage	78,404	84,912
Staff training	57,750	63,548
Recruitment	63,879	40,611
Clothing & uniforms	9,494	10,528
General expenses	113,991	98,903
Insurance	85,505	103,992
Legal and professional fees	15,313	23,036
Other outside services	349,582	242,942
Service level agreements	283,000	354,800
IT annual support and enhancements	95,443	99,656
Auditors remuneration - audit services	13,600	13,254
- non audit services	3,571	3,517
Depreciation of plant and machinery	5,985	5,572
Depreciation of fixtures and fittings	26,494	19,929
Depreciation of computer equipment	48,963	20,534
	<hr/>	<hr/>
	1,677,728	1,700,957
	<hr/>	<hr/>
	6,791,900	6,482,332
	<hr/> <hr/>	<hr/> <hr/>

