

NOTTINGHAM CITY HOMES

REPORT OF DIRECTOR OF FINANCE, ICT AND GOVERNANCE

THE BOARD
23 JULY 2009

DRAFT ANNUAL FINANCIAL STATEMENTS TO 31 MARCH 2009

1 SUMMARY

- 1.1 Attached to this report are the Annual Financial Statements.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board approve the financial statements for the year ending 31 March 2009.

3 REPORT

- 3.1 External Audit services for NCH were externally tendered during 2007 and the contract was won for three years by Grant Thornton. The audit of the 2008/09 accounts is the second year of the contract.
- 3.2 The accounting treatment of pension liabilities – FRS17 has been changed again for 2008/09 accounts therefore the 2007/08 accounts have been restated. Full details of the reason for the change are detailed on page 14 of the accounts under retirement benefits.
- 3.3 The company reported a loss of two hundred and seventy five thousand pounds (£275k) in 2008/09 compared to a loss of one million, four hundred and six thousand pounds (£1,406k) in 2007/08 after the accounts had been restated to be on a comparable basis.
- 3.4 The management accounts for 2008/09 showed breakeven position after returning £132k to the Housing Revenue Account, in accordance with the Management Agreement between NCH and NCC.
- 3.5 A reconciliation between the deficit in the management accounts and the financial statements is shown in the table below:

| | £000s |
|---|------------|
| Pre FRS17 Deficit as reported to the Board on 21 May | 0 |
| <u>FRS 17 Adjustments</u> | |
| FRS17 Year end actuarial adjustment | (966) |
| Expected return on defined pension scheme assets | (5,384) |
| Interest on defined benefit pension scheme liabilities | 6,092 |
| Past Service/Curtailment/Settlement (loss) | 533 |
| Total | 275 |
| Final Deficit | 275 |

4 OTHER ISSUES

- 4.1 Grant Thornton has reported on a few minor control issues in their Key Issues Memorandum. These have been reported to the Audit Committee by Grant Thornton. The Audit Committee will monitor until complete the recommendations as part of the regular work that the Audit Committee performs in ensuring that all audit recommendations are implemented.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 5.1 It is a requirement of the Companies Act 1985/1989 to produce annual audited financial statements.

6 VALUE FOR MONEY & EFFICIENCY ISSUES

- 6.1 None.

7 EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 The full set of accounts and annual report will be available to residents on request. Translations will also be available on request.

8 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 8.1 NCH Report and Financial Statements for the year ended 31/03/09
Key Issues Memorandum produced by Grant Thornton.

CONTACT OFFICERS: Julie Crook,
Director of Finance, ICT and Governance
14 Hounds Gate,
Nottingham,
NG1 7BA
Tel: 0115 915 7378
E-mail: julie.crook@nottinghamcityhomes.org.uk

DATE: 10 July 2009