

Registration Number IP26673R

COMMUNITY LIVES CONSORTIUM

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
Year Ended 31 MARCH 2008**

COMMUNITY LIVES CONSORTIUM

FINANCIAL STATEMENTS

Year Ended 31 March 2008

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COMMUNITY LIVES CONSORTIUM

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Registered charity name Community Lives Consortium

Registration number 26673R

Trustees Pamela Evans (Chair)
David Cox (Vice Chair)
Frank Hounsell
Christopher Edwards
Nicola Roberts
Janice Connick
Christine Rowlands
Wendy Evans
Cliff Alden
Kate Young
Julie Harries

Secretary Rick Wilson

Registered office 24 / 26 Walter Road
Swansea
SA1 5NN

Auditor HWCA Limited
Chartered Accountants
& Registered Auditors
Pagefield House
24 Gold Tops
Newport
South Wales
NP20 4PG

Bankers Barclays
Mid & South West Wales Team
1-6 Pockets Wharf
East Burrows Road
Swansea
SA1 3XL

Solicitors Fonseca and Partners
New County Buildings
59 Bethcar Street
Ebbw Vale
Gwent
NP23 6HW

Eversheds
1 Callaghan Square
Cardiff
CF10 BT

COMMUNITY LIVES CONSORTIUM

TRUSTEES ANNUAL REPORT Year Ended 31 March 2008

The trustees have pleasure in presenting their report and the financial statements of the Consortium for the year ended 31 March 2008.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of trustees and professional advisers on page 1 of the financial statements.

The trustees

The trustees who served the Consortium during the period were as follows:

Pamela Evans (Chair)	
David Cox (Vice Chair)	
Frank Hounsell	
Christopher Edwards	
Nicola Roberts	
Janice Connick	(Appointed 17 October 2007)
Christine Rowlands	(Appointed 17 October 2007)
Wendy Evans	(Appointed 17 October 2007)
Cliff Holden	(Appointed 17 October 2007)

Kate Young was appointed as a member of the committee on 1 April 2008.

Julie Harris was appointed as a member of the committee on 1 April 2008.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal Status

Community Lives Consortium is a non profit making organisation with charitable status, registered as an Industrial and Provident Society registration number 26673R.

Organisation

The Trustees are responsible for formulating policies and procedures and for ensuring the correct level of internal control. The day to day running of the Consortium is the responsibility of the Chief Executive and the Senior Management Team, who report to the trustees at their regular meetings. There are no volunteers.

Financial controls

Controls over the affairs of the service users are effected by an inspection by both the Trustees and the external auditors. Internal controls are subject to regular inspections from the contract managers and the local authorities.

Appointment, induction and training of new trustees

The Trustees are appointed by the members at the AGM. They are not only drawn from the business community in the locality in which the Consortium operates, but also include representatives from managing partners and other organisations working with the Consortium. In addition, service users are encouraged to become trustees as part of the Consortiums philosophy of improving and developing their lives.

Most of the trustees are already familiar with the practical work of the Consortium. New trustees are invited and encouraged to attend a series of short training sessions to familiarise themselves with the Consortium and the context within which it operates. An induction pack is being prepared drawing information from the various Charity Commission publications signposted through the Commission's guide "The Essential Trustee" as a follow up to these sessions.

COMMUNITY LIVES CONSORTIUM

TRUSTEES ANNUAL REPORT Year Ended 31 March 2008

Risks

The trustees have recognised the loss of grant funding and a failure of its duty of care to the service users of the Consortium as its major risks. To mitigate the loss of funding a reserve policy has been created to enable the principle objects to be met and to meet any statutory redundancy costs which may arise as a result of the loss. Suitable levels of supervision, training and procedures have been put into place to ensure the standard of care is of the highest level. Internal controls have also been implemented to safeguard service user money.

Related Parties

The trustees include services users and relatives for which they receive no special rights or privileges.

One of the trustees is a representative of Swansea Housing Association from whom the Consortium rents premises. All rents are at fair value.

OBJECTIVES AND ACTIVITIES

The aim of the Consortium is to provide support for people who want to live successful lives in the Community. The Consortium provides services under service level agreement with either City and County of Swansea or Neath Port Talbot County Borough Council.

ACHIEVEMENTS AND PERFORMANCE

During this year we supported 19 people to move into new houses or flats, thus the end of this year we are supporting 213 people to live successful lives in the Communities of Swansea and Neath Port Talbot.

We have also continued to redevelop the ways that services are provided to people through our Targeted Support programme that combines the use of Assistive Technology together with a more peripatetic model of staff delivery. This is enabling us to deliver more empowering support to tenants, better conditions of service to frontline staff, and more financial efficiency for commissioning local authorities.

This year we have also achieved progress in our work to make our services more person centred for the people that we serve. We are doing this by greater use of computers and multi-media. This is enabling us to help our service users to express themselves more effectively.

FINANCIAL REVIEW

The overall surplus for the year ended 31 March 2008 amounted to £14,738 (2007: £29,433). The overall level of funds carried forward into 2008/2009 amounted to £1,235,211. Funds are restricted on geographical grounds to recognise the funding from various local authority areas. Although they are treated as restricted funds they are still part of the Consortium's primary objects. The funding for the year continued to be received from those local authorities with whom the Consortium has a service level agreement. In addition the Consortium received Supporting People Grant from those same local authorities as well as contributions from the service users in the form of housing benefit and other contributions. The principal cost for the year was staff salaries and related costs. The staff provides the level of care required to meet the Consortium's obligations under the service level agreements. In addition, the Consortium meets the cost of accommodation on behalf of its service users, including rent, housing associations management charges and other housekeeping costs.

Reserves policy

The trustees have determined that the level of free reserves held by the Consortium should be equivalent to three months operational costs, amounting to £2,859,123. At the end of this financial year the level of general reserves had increased to £532,974, which excluded designated reserves amounting to £359,684. The designated reserves are made up of separate individually funded project, which cannot be used for general core funding.

COMMUNITY LIVES CONSORTIUM

TRUSTEES ANNUAL REPORT Year Ended 31 March 2008

The level of available free reserves, i.e. those not invested in fixed assets or set aside as designated reserves, amounted to £511,233. The trustees have set the free reserves level at three months operating costs to recognise the time it would take to find alternative sources of funding should the current funding regime fail to match the level of expenditure required to continue to provide the necessary level of care. In addition to this the trustees also recognise the need to have sufficient free reserves to meet any redundancy and other statutory costs payable if the level of funding fell to a level where staff numbers would have to be reduced.

Disabled Employees

The Consortium operates a policy of equal opportunities for employment which includes disabled employees. This policy gives full and fair consideration to applications for employment by the Consortium made by disabled persons, having regard to their particular aptitude and abilities, for continuing the employment of, and for arranging appropriate training for, employees of the Consortium who have become disabled persons during the periods when they were employed by the Consortium and otherwise for the training, career development and promotion of disabled persons employed by the Consortium.

PLANS FOR FUTURE PERIODS

In the coming year we will develop services for at least a further 4 people within new services.

We will continue in the work of making services more responsive and controllable for service users. We will do this through a comprehensive redesign of the way that support is delivered at night for service users as well as a further development of our direct payments service.

For further information about our plans for the following year please go to the Consortium website www.communitylives.co.uk.

RESPONSIBILITIES OF THE TRUSTEES

The trustees are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and regulations.

Current law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation. The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with The Industrial and Provident Society's Acts 1965 – 2002. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COMMUNITY LIVES CONSORTIUM

TRUSTEES ANNUAL REPORT Year Ended 31 March 2008

In so far as the trustees are aware:

- there is no relevant audit information of which the Consortium's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

A resolution to re-appoint HWCA Limited as auditor for the ensuing year will be proposed at the Annual General Meeting.

Signed by order of the trustees

F Hounsell
Trustee
16th September 2008

COMMUNITY LIVES CONSORTIUM

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY LIVES CONSORTIUM Year Ended 31 March 2008

We have audited the financial statements of Community Lives Consortium for the year ended 31 March 2008 on page 7 - 23 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the Consortium's members, as a body, in accordance with Industrial and Provident Society's Acts 1965 – 2002. 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 TRUSTEES AND AUDITORS

The responsibilities of the trustees for preparing the Trustees 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 Responsibilities of the Trustees on page 4.

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 Industrial and Provident Society's Acts 1965 – 2002, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 remuneration of the trustees and other transactions is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Consortium'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.

COMMUNITY LIVES CONSORTIUM

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMUNITY LIVES CONSORTIUM *(continued)* Year Ended 31 March 2008

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 Consortium's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Industrial and Provident Society's Acts 1965 – 2002; and
- the information given in the Trustees Annual Report is consistent with the financial statements.

HWCA LIMITED
Chartered Accountants
& Registered Auditors
Pagefield House
24 Gold Tops
Newport
South Wales
NP20 4PG

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COMMUNITY LIVES CONSORTIUM

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) Year Ended 31 March 2008

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Investment income	2	58,858	–	58,858	54,821
Incoming resources from charitable activities	3	5,579,184	5,813,216	11,392,400	11,275,031
TOTAL INCOMING RESOURCES		5,638,042	5,813,216	11,451,258	11,329,852
RESOURCES EXPENDED					
Charitable activities	4/5	(5,577,201)	(5,799,111)	(11,376,312)	(11,237,004)
Governance costs	6	(60,208)	–	(60,208)	(63,415)
TOTAL RESOURCES EXPENDED		(5,637,409)	(5,799,111)	(11,436,520)	(11,300,419)
NET INCOMING RESOURCES FOR THE YEAR/NET INCOME FOR THE YEAR					
	7	633	14,105	14,738	29,433
RECONCILIATION OF FUNDS					
Total funds brought forward		892,025	328,448	1,220,473	1,191,040
TOTAL FUNDS CARRIED FORWARD		892,658	342,553	1,235,211	1,220,473

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on page 8 form part of these financial statements.

COMMUNITY LIVES CONSORTIUM

BALANCE SHEET

At 31 March 2008

	Note	2008 £	£	2007 £
FIXED ASSETS				
Tangible assets	9		21,741	29,722
CURRENT ASSETS				
Debtors	10	998,309		1,062,063
Cash at bank		677,029		879,358
		<u>1,675,338</u>		<u>1,941,421</u>
CREDITORS: Amounts falling due within one year	11	<u>(461,868)</u>		<u>(750,670)</u>
NET CURRENT ASSETS			1,213,470	1,190,751
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,235,211</u>	<u>1,220,473</u>
NET ASSETS			<u>1,235,211</u>	<u>1,220,473</u>
FUNDS				
Restricted income funds	14		342,553	328,448
UNRESTRICTED INCOME FUNDS:				
Share capital	15	173		171
Unrestricted income funds	16	892,485		891,854
		<u>892,658</u>		<u>892,025</u>
TOTAL UNRESTRICTED INCOME FUNDS			<u>892,658</u>	<u>892,025</u>
TOTAL FUNDS			<u>1,235,211</u>	<u>1,220,473</u>

These financial statements were approved by the trustees on the 16th September 2008 and are signed on their behalf by:

.....
MRS PAMELA EVANS (CHAIR)

.....
MR DAVID COX (VICE CHAIR)

The notes on page 9 form part of these financial statements.

COMMUNITY LIVES CONSORTIUM

CASH FLOW STATEMENT

Year Ended 31 March 2008

	Note	2008 £	£	2007 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	17		(251,238)	(301,810)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		<u>58,858</u>		<u>54,821</u>
Net cash inflow from returns on investments and servicing of finance			58,858	54,821
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		<u>(9,962)</u>		<u>(10,668)</u>
Net cash outflow from capital expenditure			(9,962)	(10,668)
Cash outflow before financing			<u>(202,342)</u>	<u>(257,657)</u>
FINANCING				
Issue of share capital		<u>6</u>		<u>-</u>
Net cash inflow from financing			6	-
DECREASE IN CASH	18		<u>(202,336)</u>	<u>(257,657)</u>

The notes on page 10 form part of these financial statements.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Industrial and Provident Society's Acts 1965 – 2002.

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:

Equipment - 15% on cost
Project Furniture - 15% on cost
Motor Vehicles - 20% on cost

Incoming resources

- (i) housing benefit claimed on behalf of all service users is accounted for on a receivable basis
- (ii) grants and service level agreements to support the provision of care are accounted for in the financial year to which they relate. Grants received to finance the cost of fixed asset are recognised as restricted funds and used to finance the annual depreciation charge.
- (iii) investment income comprises bank deposit interest received.

Resources Expended

- (i) costs of charitable activities include the direct costs of providing care to the service users together with an apportionment of head office costs to reflect the support provided to these activities. Support costs relate to staff costs and overheads supporting charitable activities.
- (ii) governance costs include expenditure in respect of external audit, the preparation of statutory accounts, legal advice for trustees and costs associated with constitutional and statutory requirements, including the cost of trustee meetings and staff time spent in reporting to trustees.
- (iii) liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure as described in FRS 5 and 12.

Taxation

As an exempt charity there is no liability to income or corporation tax. The charity is not registered for value added tax and is unable to recover all input tax. Such irrecoverable input tax is included in the relevant costs in the statement of financial activities.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the principal objects of the charity

Restricted funds are subject to restriction on their expenditure imposed by the donor or through geographical restrictions.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

Designated funds

ICT

This reserve has been created to support the development of Assisted Technology within Consortium services.

Hardship Fund

This reserve has been created to provide financial support for new tenants.

Assisted Home Buy

This reserve has been created to project manage the Assisted Home Buy development programme between 2005 and 2008.

CLC Fleet

The reserve has been created to fund the running and maintenance costs of adapted vehicles used by service users.

Community Solutions

The fund has been created to fund the scheme development of the Consortium.

Building Reserve

This reserve has been created to develop an activity centre as an operational office base.

Ysgol Street Development

This reserve has been created to fund the support of the effective set up of new schemes agreed by Swansea.

Pension Tribunal

This reserve has been created to fund the settlement of tribunal claims made in 1995 relating to part time pension entitlement.

Self Insurance

This reserve has been created to fund the development of a long term fund to cover damage to properties.

R&R Reserve

This reserve has been created to fund major repairs and maintenance within schemes.

CLC Assistive Technology

This reserve has been created to fund technology to assist service users to be more independent.

Restricted funds

Intensive Support Reserve

This reserve has been created to provide the funding to expand the respite care service.

Local Authority

This reserve has been created to fund the development in partnership with CCS supported housing services in Swansea.

Pension costs

The society operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the society. The contributions to the scheme are charged to the income and expenditure 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.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

2. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Bank interest receivable	<u>58,858</u>	<u>58,858</u>	<u>54,821</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
SSD Charges	471,891	-	471,891	504,342
ILF	245,923	-	245,923	149,723
Housing benefit	1,522,143	-	1,522,143	1,384,163
Top up Swansea	-	3,242,327	3,242,327	3,024,581
Top up NPT	-	1,587,811	1,587,811	1,598,401
RSG NPT	-	112,072	112,072	103,528
SHRG	165,844	-	165,844	172,721
Day care Swansea	-	535,039	535,039	504,673
Day care NPT	-	255,912	255,912	248,732
NPT SPG	600,904	-	600,904	707,657
Swansea SPG	2,302,408	-	2,302,408	2,302,410
Swansea clinical funding	-	38,321	38,321	37,223
Sundry income	254,239	-	254,239	532,463
SMHG	15,832	-	15,832	4,414
Intensive support	-	41,734	41,734	-
	<u>5,579,184</u>	<u>5,813,216</u>	<u>11,392,400</u>	<u>11,275,031</u>

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Charitable activity expenditure	4,269,202	5,799,111	10,068,313	9,848,659
Support costs	1,307,999	-	1,307,999	1,388,345
	<u>5,577,201</u>	<u>5,799,111</u>	<u>11,376,312</u>	<u>11,237,004</u>

5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total Funds 2008 £	Total Funds 2007 £
Charitable activity expenditure	10,068,313	1,307,099	11,376,312	11,237,004

6. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Salaries and wages	37,959	37,959	35,000
Audit fees	14,316	14,316	14,553
Legal and professional fees	1,358	1,358	7,511
Costs of trustees' meetings	6,575	6,575	6,351
	<u>60,208</u>	<u>60,208</u>	<u>63,415</u>

7. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2008 £	2007 £
Depreciation	17,943	34,971
Profit on disposal of fixed assets	-	(4,000)
Auditors' remuneration:		
- as auditor	10,672	9,702
- for other services	<u>3,645</u>	<u>4,850</u>

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS Year Ended 31 March 2008

8. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2008 £	2007 £
Wages and salaries	7,817,475	7,709,013
Social security costs	<u>703,970</u>	<u>706,383</u>
	<u>8,521,445</u>	<u>8,415,396</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2008 No	2007 No
Number of operational staff	523	523
Number of office staff	<u>50</u>	<u>50</u>
	<u>573</u>	<u>573</u>

No employee received emoluments of more than £60,000 during the year (2007 - Nil). The trustees received no remuneration or expenses during the year.

9. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 April 2007	63,959	621,839	330,098	1,015,896
Additions	-	-	9,962	9,962
At 31 March 2008	<u>63,959</u>	<u>621,839</u>	<u>340,060</u>	<u>1,025,858</u>
DEPRECIATION				
At 1 April 2007	63,358	621,838	300,978	986,174
Charge for the year	105	-	17,838	17,943
At 31 March 2008	<u>63,463</u>	<u>621,838</u>	<u>318,816</u>	<u>1,004,117</u>
NET BOOK VALUE				
At 31 March 2008	<u>496</u>	<u>1</u>	<u>21,244</u>	<u>21,741</u>
At 31 March 2007	<u>601</u>	<u>1</u>	<u>29,120</u>	<u>29,722</u>

10. DEBTORS

	2008 £	2007 £
Trade debtors	633,222	630,720
Amounts owed by group undertakings	281,312	293,470
Other debtors	<u>83,775</u>	<u>137,873</u>
	<u>998,309</u>	<u>1,062,063</u>

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

11. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	46,954	63,466
Amounts owed to group undertakings	–	8,103
Taxation and social security	199,738	274,396
Other creditors	163,972	404,705
Accruals	51,204	–
	<u>461,868</u>	<u>750,670</u>

12. PENSIONS

Community Lives Consortium participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the State 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 1/160th accrual rate to March 2008. From April 2007 the three benefit structures available are:

- ¢ Final salary 1/160th accrual rate;
- ¢ Final salary 1/170th accrual rate;
- ¢ Career average revalued earnings with a 1/160th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Community Lives Consortium has elected to operate the final salary with a 1/60 benefit structure for active members as at 1 April 2007 and 1/60 benefit structure for new entrants from 1 April 2007. The Trustee commissions an actuarial valuation of the Scheme every 3 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 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.

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 the employer and employee contribution rates for Community Lives Consortium will be 14.1% and 7.9% of pensionable salaries respectively.

As at the balance sheet date there were 38 active members of the Scheme employed by the organisation. The organisation continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

12. PENSIONS (continued)

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the "projected unit" method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared to liabilities of £283 million equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial report that provides an approximate update on the funding position of the Scheme as at 30th September 2007. Such a report is required by legislation for the years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,760 million and indicated a decrease in the shortfall of assets compared with liabilities to approximately £209 million equivalent to a past service funding level of 89%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same result as a full actuarial valuation. However, they will provide a good indication of the financial progress of the Scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% pa
Investment return pre retirement	7.2
Investment return post retirement	4.8
Rate of salary increases to 30 September 2010	5.0
Rate of salary increases from 1 October 2010	4.0
Rate of pension increases	2.5
Rate of price inflation	2.5

The valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2013 mortality table for pensioners. The table below illustrates the assured life expectancy in years for pension scheme members at 65 using these mortality assumptions:

	Males	Females
	Assumed life Expectancy in years at age 65 years	Assumed Life Expectancy in years at age 65 years
Non- pensioners	20.4	23.3
Pensioners	19.4	22.4

The long-term joint contribution rates required 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	17.6
Final salary with a 1/70th accrual rate	15.3
Career average revalued earnings with a 1/60th accrual rate	14.1

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

12. PENSIONS (continued)

The long-term joint contribution rates required from employers and members where contributions are set their on an age related basis are:

Age	Under 30	30-40	Over 40
	Long-term joint contribution rate (% of pensionable salaries)		
Benefit Structure			
Final salary with a 1/60 th accrual rate	16.1	17.1	18.1
Final salary with a 1/70 th accrual rate	13.8	14.8	15.8
Career average revalued earnings with a 1/60 th accrual rate	12.6	13.6	14.6

If the 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 £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

With effect from 1 April 2007 the employer and employee contribution rates for Community Lives Consortium will be 14.1% and 7.9% of pensionable salaries respectively.

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 Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% 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 the SHPS Scheme.

Employers joining the Scheme after 1 October 2002 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 applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be a 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. The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

12. PENSIONS (continued)

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 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 portion 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 current 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.

Community Lives Consortium has been notified by the Pensions Trust of the estimated employer debt on withdrawn from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30th September 2005. As of this date the estimated employer debt for 2007 is £1,602,000.

PENSION SCHEME - GROWTH PLAN

Community Lives Consortium participates in the Pensions Trust's Growth Plan. The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

12. PENSIONS (continued)

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

As at the balance sheet date there were 1 active members of the Plan employed by Community Lives Consortium. There is 1 pensioner formally employed by West Glamorgan Housing Consortium. Community Lives Consortium continues to offer membership of the Plan to its employees. Community Lives Consortium has not closed the Plan to new entrants.

Community Lives Consortium paid contributions at the rate of 0% during the accounting period.

Members paid contributions at the rate of 2.5% during the accounting period.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, 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 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £675 million and the Plan's Technical Provisions (i.e. past service liabilities) were £704million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a past service funding level of 96%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Plan as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £747million and indicated a surplus of assets compared to liabilities of approximately £2 million, equivalent to funding level of 100.2%. Annual funding updates of the Growth Plan are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the Plan since the last full valuation.

Since the contribution rates payable to the Plan have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuations as at 30 September 2005 were as follows:

	per annum
- Investment return pre retirement	6.6
- Investment return post retirement	4.5
- Bonuses on accrued benefits	0.0
- Rate of price inflation	2.5

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

12. PENSIONS (continued)

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

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.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million will be cleared within 5 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 7.6% per annum pre retirement and 4.8% per annum post retirement.

A copy of the recovery plan 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). The Regulator has reviewed the recovery plan for the Growth Plan and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout 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 Plan. 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 Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 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 Plan liabilities, Plan 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.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

12. PENSIONS (continued)

Community Lives Consortium has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2005. As of this date the estimated employer debt for Community Lives Consortium was £1,602,000.

13. SHARE CAPITAL

	2008	2007
	£	£
As at 1 April 2007	171	85
Additions	6	86
Disposals	(3)	-
As At 31 March 2008	<u>173</u>	<u>171</u>

The shareholders have no equity interest in the Society and have no rights to receive dividends or a distribution on the winding up of the Society. There is no provision for the redemption of shares as the nominal value of any shares redeemed or cancelled is written back to reserves. The shareholders have the right to vote at General Meetings of the Society.

14. RESTRICTED INCOME FUNDS

	Balance at 1 Apr 2007	Incoming resources	Outgoing resources	Balance at 31 Mar 2008
	£	£	£	£
Swansea	-	3,815,687	(3,815,687)	-
Neath / Port Talbot	-	1,955,795	(1,955,795)	-
Intensive Support	168,900	41,734	(10,004)	200,630
Local Authority	109,548	-	-	109,548
Ysgol street development	50,000	-	(17,625)	32,375
	<u>328,448</u>	<u>5,813,216</u>	<u>(5,799,111)</u>	<u>342,553</u>

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

15. UNRESTRICTED INCOME FUNDS

	Balance at 1 Apr 2007 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2008 £
ICT	15,015	-	-	4,849	19,864
Website development	360	-	-	(360)	-
Building reserve	29,770	-	-	(21,212)	8,558
Assisted home buy	6,954	-	-	1,632	8,586
Self assurance NPT Assisted	30,054	-	-	5,347	35,401
Tech	1,520	-	-	(1,520)	-
Pension tribunal	5,888	-	-	(5,888)	-
CLC Assistive Technology	23,600	-	-	182	23,782
R&R Reserve	-	-	-	52,939	52,939
Hardship fund	-	-	-	6,012	6,012
CLC Fleet	-	-	-	189,637	189,637
Mobility, clothing and holiday	189,696	-	-	(189,696)	-
Community solutions	-	-	-	14,905	14,905
General Funds	588,997	5,638,042	(5,637,411)	(56,827)	532,801
	<u>891,854</u>	<u>5,638,048</u>	<u>(5,637,411)</u>	<u>-</u>	<u>892,485</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Other net assets/ (liabilities) £	Total £
Restricted Income Funds:			
Intensive Support	-	200,630	200,630
Local Authority	-	109,548	109,548
Ysgol street development	-	32,375	32,375
	-	<u>342,553</u>	<u>342,553</u>
Unrestricted Income Funds:			
Designated Funds	-	359,684	359,684
General Funds	21,741	511,233	532,974
	<u>21,741</u>	<u>870,917</u>	<u>892,658</u>
Total Funds	<u>21,741</u>	<u>1,213,470</u>	<u>1,235,211</u>

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2008

17. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Net incoming resources before transfers	14,725	29,433
Interest receivable	(58,858)	(54,821)
Depreciation	17,943	34,971
Decrease/(Increase) in debtors	63,754	(1,062,063)
(Decrease)/Increase in creditors	(288,802)	750,670
Net cash outflow from operating activities	<u>(251,238)</u>	<u>(301,810)</u>

18. RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS

	2008	2007
	£	£
Decrease in cash in the period	(202,336)	(257,657)
Change in net funds	(202,336)	(257,657)
Net funds at 1 Apr 2007	879,358	—
Net funds at 31 Mar 2008	<u>677,029</u>	<u>879,358</u>

19. ANALYSIS OF CHANGES IN NET FUNDS

	1 Apr 07	Cash flows	31 Mar 08
	£	£	£
Cash at bank	<u>879,358</u>	<u>(202,329)</u>	<u>677,029</u>