

**COMMUNITY LIVES CONSORTIUM
(Formally Known As
West Glamorgan Housing Consortium)**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
Year Ended 31st March 2007**

COMMUNITY LIVES CONSORTIUM

FINANCIAL STATEMENTS

Year Ended 31 March 2007

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COMMUNITY LIVES CONSORTIUM

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

Mrs Pamela Evans (Chair)
Mr David Cox (Vice-Chair)
Mr Frank Hounsel
Mr Christopher Edwards
Ms Nicola Roberts
Mr Laurence Haines (Resigned 21st November 2006)
Mr. C. Brown (Resigned 11th April 2006)

Company Secretary

Mr R 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 Pocketts 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 5BT

COMMUNITY LIVES CONSORTIUM

THE DIRECTORS' REPORT

Year Ended 31 March 2007

The directors have pleasure in presenting their report and the financial statements of the Society for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the society during the year was the provision of accommodation and care services to residents.

The net surplus for the year amounted to £29,433 (2006: £60,964) before the net transfer of £96,293 from designated reserves.

RESULTS AND DIVIDENDS

The surplus for the year amounted to £29,433. The Society is unable to distribute reserves as it is a non profit making concern.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE SOCIETY

The directors who served the Society during the year together with their beneficial interests in the shares of the society were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2007	At 1 April 2006
Mr. C. Brown (Resigned 11.04.06)	1	1
Mr David Cox (Vice-Chair)	1	1
Mr Frank Hounsel	1	1
Ms Pamela Evans (Chair)	1	1
Mr L. Haines (Resigned 21.11.06)	1	1
Mr Christopher Edwards	1	1
Ms Nicola Roberts	1	1
	<u>1</u>	<u>1</u>

RESERVES POLICY

The Directors have determined that the free reserves held by the Society should be equivalent to three months operational costs, amounting to £2,825,105. At the end of this financial year the level of general reserves had increased to £589,007, which excluded designated reserves amounting to £631,295. The designated reserves are made up of separate individually funded projects, which cannot be used for general core funding. The level of available free reserves, i.e. those not invested in fixed assets, amounted to £559,285. The Directors 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 Directors 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 society 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 society 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 society who have become disabled persons during the periods when they were employed by the society and otherwise for the training, career development and promotion of disabled persons employed by the society.

COMMUNITY LIVES CONSORTIUM

THE DIRECTORS' REPORT *(continued)* **Year Ended 31 March 2007**

DIRECTORS' RESPONSIBILITIES

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

Current legislation requires the directors to prepare financial statements for each financial year. Under that law the directors 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 company and of the surplus or deficiency of the company for that period. In preparing these financial statements, the directors 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the society's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is 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 Board

MR R WILSON
Secretary

Approved by the Board on 18th September 2007

COMMUNITY LIVES CONSORTIUM

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMMUNITY LIVES CONSORTIUM

Year Ended 31 March 2007

We have audited the financial statements of Community Lives Consortium for the year ended 31 March 2007 on pages 6 to 15, which have been prepared on the basis of the accounting policies set out on pages 10 to 11.

This report is made solely to the society's members, as a body, in accordance with the Industrial and Provident Societies Act 1965 to 2002. Our audit work has been undertaken so that we might state to the society'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 society's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing 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 Industrial and Provident Societies Act 1965 to 2002. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 the Directors' 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 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.

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COMMUNITY LIVES CONSORTIUM

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMMUNITY LIVES CONSORTIUM *(continued)*

Year Ended 31 March 2007

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 Society's affairs as at 31 March 2007 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002; and
- the information given in the Board's 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

INCOME AND EXPENDITURE ACCOUNT

Year Ended 31 March 2007

	Note	2007 £	2006 £
INCOME	2	11,275,031	11,183,069
Project expenses		<u>11,300,419</u>	<u>11,157,698</u>
OPERATING (DEFICIENCY)/SURPLUS	3	(25,388)	25,371
Interest receivable		54,821	35,593
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>29,433</u>	<u>60,964</u>
Tax on surplus on ordinary activities		-	-
SURPLUS FOR THE FINANCIAL YEAR		<u>29,433</u>	<u>60,964</u>
Balance brought forward		463,281	335,400
Reserve movements		<u>96,293</u>	<u>66,917</u>
Balance carried forward		<u><u>£589,007</u></u>	<u><u>£463,281</u></u>

All of the activities of the society are classed as continuing.

The society has no recognised gains or losses other than the results for the year as set out above.

The notes on page 6 form part of these financial statements.

COMMUNITY LIVES CONSORTIUM

BALANCE SHEET At 31 March 2007

	Note	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		29,722		54,025
CURRENT ASSETS					
Debtors	6	1,062,063		827,709	
Cash at bank		879,358		968,325	
		<u>1,941,421</u>		<u>1,796,034</u>	
CREDITORS: Amounts falling due within one year	7	<u>750,670</u>		<u>659,040</u>	
NET CURRENT ASSETS			<u>1,190,751</u>		<u>1,136,994</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,220,473</u>		<u>1,191,019</u>
CAPITAL AND RESERVES					
Called-up equity share capital	10		171		148
Designated reserves	11		631,295		727,590
Income and expenditure account			589,007		463,281
SHAREHOLDERS' FUNDS	12		<u>£1,220,473</u>		<u>£1,191,019</u>

These financial statements were approved by the board on the 18th September 2007 and are signed on their behalf by:

.....
MRS PAMELA EVANS (CHAIR)

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

The notes on page 7 form part of these financial statements.

COMMUNITY LIVES CONSORTIUM

CASH FLOW STATEMENT

Year Ended 31 March 2007

	2007		2006	
	£	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(136,464)		317,687
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	<u>54,821</u>		<u>35,593</u>	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		54,821		35,593
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	<u>(10,668)</u>		<u>—</u>	
Receipts from sale of fixed assets	<u>4,000</u>		<u>433</u>	
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE		(6,668)		433
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(88,311)		353,713
FINANCING				
Issue of equity share capital	<u>23</u>		<u>63</u>	
Capital element of hire purchase	<u>(679)</u>		<u>(3,865)</u>	
NET CASH OUTFLOW FROM FINANCING		(656)		(3,802)
(DECREASE)/INCREASE IN CASH		<u>£(88,967)</u>		<u>£349,911</u>
RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES				
		2007		2006
		£		£
Operating (deficit)/surplus		(25,388)		25,371
Depreciation		34,971		124,201
Profit on disposal of fixed assets		(4,000)		(433)
(Increase)/decrease in debtors		(234,354)		54,585
Increase in creditors		92,307		113,963
Net cash (outflow)/inflow from operating activities		<u>£(136,464)</u>		<u>£317,687</u>

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

COMMUNITY LIVES CONSORTIUM

CASH FLOW STATEMENT *(continued)*

Year Ended 31 March 2007

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007		2006	
	£	£	£	£
(Decrease)/increase in cash in the period	(88,967)		349,911	
Cash outflow in respect of hire purchase	<u>679</u>		<u>3,865</u>	
		(88,288)		353,776
Change in net funds		(88,288)		353,776
Net funds at 1 April 2006		967,646		613,870
Net funds at 31 March 2007		<u>£879,358</u>		<u>£967,646</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Net cash:			
Cash in hand and at bank	<u>968,325</u>	<u>(88,967)</u>	<u>879,358</u>
Debt:			
Hire purchase agreements	<u>(679)</u>	<u>679</u>	<u>—</u>
Net funds	<u>£967,646</u>	<u>£(88,288)</u>	<u>£879,358</u>

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

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Income

The income shown in the income and expenditure account represents amounts invoiced during the year to service users for residential charges and to the funding bodies for care and other grants received.

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:

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the income and expenditure account on a straight line basis.

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 income on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income and expenditure account.

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2007

1. ACCOUNTING POLICIES *(continued)*

Designated reserves

The following reserves have been created to separate specific funding from the general reserves of the Society:

Furniture Reserve

This reserve has been set up to provide funds to meet the requirement for the replacement of project furniture

Intensive Support Reserve

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

Website Development Reserve

This reserve has been created from funds provided by the local authority to help finance the cost of developing the website for Swansea Social Services.

I T Strategy Reserve

This reserve has been created to develop the internal IT organisational development plan.

Building Reserve

This reserve has been created to fund the development of the organisation's buildings.

Training Materials Reserve

This reserve has been created to expand the training service for use by outside consumers.

Mobility Reserve

This reserve has been created from the funds provided to pay for the mobility of the residents

Clothing and Holiday Reserve

This reserve has been created to set aside unused funds provided for use by the residents to purchase clothes and holidays.

2. INCOME

The income and surplus before tax are attributable to the one principal activity of the society.

An analysis of income is given below:

	2007 £	2006 £
United Kingdom	<u>11,275,031</u>	<u>11,183,069</u>

3. OPERATING (DEFICIT)/SURPLUS

Operating (deficit)/surplus is stated after charging/ (crediting):

	2007 £	2006 £
Directors' emoluments	—	—
Depreciation of owned fixed assets	34,971	119,244
Depreciation of assets held under hire purchase agreements	—	4,957
Profit on disposal of fixed assets	(4,000)	(433)
Auditor's remuneration		
- as auditor	9,702	14,176
- for other services	4,850	6,176

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2007

4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial year, including the directors, amounted to 560 (2006: 550). The aggregate payroll costs for the year was:

	2007 £	2006 £
Wages and salaries	8,514,492	8,503,851
Social security costs	706,382	676,321
Other pension costs	319,903	272,748
	<u>£9,540,777</u>	<u>£9,260,307</u>

5. TANGIBLE FIXED ASSETS

	Project furniture £	Motor Vehicles £	Office Equipment £	Total £
COST				
At 1 April 2006	621,839	361,816	63,260	1,046,915
Additions	-	9,969	699	10,668
Disposals	-	(41,687)	-	(41,687)
At 31 March 2007	<u>621,839</u>	<u>330,098</u>	<u>63,959</u>	<u>1,015,896</u>
DEPRECIATION				
At 1 April 2006	606,293	323,362	63,235	992,890
Charge for the year	15,545	19,303	123	34,971
On disposals	-	(41,687)	-	(41,687)
At 31 March 2007	<u>621,838</u>	<u>300,978</u>	<u>63,358</u>	<u>986,174</u>
NET BOOK VALUE				
At 31 March 2007	<u>1</u>	<u>29,120</u>	<u>601</u>	<u>29,722</u>
At 31 March 2006	<u>15,546</u>	<u>38,454</u>	<u>25</u>	<u>54,025</u>

Hire purchase agreements

Included within the net book value of £29,722 is £Nil (2006 - £11,153) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2006 - £4,957).

Capital commitments

	2007 £	2006 £
Contracted but not provided for in the financial statements	-	10,667

6. DEBTORS

	2007 £	2006 £
Grant and rent arrears	646,382	546,707
Other debtors	415,681	265,588
	<u>1,062,063</u>	<u>827,709</u>

COMMUNITY LIVES CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2007

7. CREDITORS: Amounts falling due within one year

	2007	2006
	£	£
Resident's mobility money	57,153	56,970
Trade creditors	63,468	133,422
PAYE and social security	226,139	181,979
Hire purchase agreements	-	679
Community Opportunities Consortium	8,103	8,103
Credit balances on debtors ledger	232,571	126,731
Other creditors and accruals	163,236	151,156
	<u>£750,670</u>	<u>£659,040</u>

The following liabilities disclosed under creditors falling due within one year are secured by the society:

	2007	2006
	£	£
Hire purchase agreements	<u>-</u>	<u>679</u>

8. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2007	2006
	£	£
Amounts payable within 1 year	<u>-</u>	<u>679</u>
	<u>-</u>	<u>679</u>

9. RELATED PARTY TRANSACTIONS

There were no transactions with Glamorgan Community Consortium Limited were undertaken during the year. Certain other costs were paid by the company on behalf of Glamorgan Community Consortium Limited and vice versa and these costs were recharged in full.

At 31 March 2007 £277,806 (2006: £216,946) was due to the society from Glamorgan Community Consortium Limited.

COMMUNITY LIVES CONSORTIUM

MANAGEMENT INFORMATION

Year Ended 31 March 2007

10. ISSUED SHARE CAPITAL

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>171</u>	<u>171</u>	<u>85</u>	<u>85</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.

11. DESIGNATED RESERVES

	2007	2006
	£	£
ICT:		
Balance brought forward	47,646	37,432
Transfer to/(from) the Income and Expenditure Account	(32,631)	10,214
	<u>£15,015</u>	<u>£47,646</u>
Intensive Support:		
Balance brought and carried forward	168,900	168,900
Transfer to/(from) the Income and Expenditure Account	-	-
	<u>£168,900</u>	<u>£168,900</u>
Website Development:		
Balance brought forward	45,470	58,737
Transfer to/(from) the Income and Expenditure Account	(45,110)	(13,267)
	<u>£360</u>	<u>£45,470</u>
Mobility, clothing and holiday designated reserve:		
Balance brought forward	191,284	194,260
Transfer to/(from) the Income and Expenditure Account	(1,597)	(2,976)
	<u>£189,686</u>	<u>£191,284</u>
IT Strategy:		
Balance brought forward	-	69,856
Transfer to/(from) the Income and Expenditure Account	-	(69,856)
	<u>-</u>	<u>-</u>
Building Reserve:		
Balance brought forward	29,770	29,770
Transfer to/(from) the Income and Expenditure Account	-	-
	<u>£29,770</u>	<u>£29,770</u>
Local Authority:		
Balance brought and carried forward	<u>£109,548</u>	<u>£109,548</u>
Ysgol Street Development		
Balance brought and carried forward	<u>£50,000</u>	<u>£50,000</u>

COMMUNITY LIVES CONSORTIUM

MANAGEMENT INFORMATION

Year Ended 31 March 2007

DESIGNATED RESERVES (continued)

	2007 £	2006 £
Assisted Home Buy:		
Balance brought forward	12,029	15,000
Transfer to/(from) the Income and Expenditure Account	(5,075)	(2,971)
	<u>£6,954</u>	<u>£12,029</u>
Self Insurance:		
Balance brought forward	24,801	20,000
Transfer to/(from) the Income and Expenditure Account	5,253	4,801
	<u>£30,054</u>	<u>£24,801</u>
NPT Assisted Tech:		
Balance brought forward	42,253	42,253
Transfer to/(from) the Income and Expenditure Account	(40,733)	42,253
	<u>£1,520</u>	<u>£42,253</u>
Pension Tribunal:		
Balance brought and carried forward	5,888	5,888
Transfer to/(from) the Income and Expenditure Account	-	-
	<u>£5,888</u>	<u>£5,888</u>
Intruder Management System:		
Balance brought and carried forward	-	-
Transfer to/(from) the Income and Expenditure Account	23,600	-
	<u>£23,600</u>	<u>£-</u>
Total Designated Reserves Carried Forward	<u>£631,295</u>	<u>£727,590</u>

Building Reserve

This has been created to redevelop CLC building residing at Ffynone Lane, Swansea formally known as "The Activity Centre".

Local Authority

To develop in partnership with City and County of Swansea supported housing services in Swansea.

Ysgol Street Development

To support the effective set up of new schemes agreed by City and County of Swansea.

Self Insurance

To develop a long term reserve, this is to cover replacement of contents of a scheme in case of fire, flood etc.

NPT Assistive Technology

To work in partnership with NPT to develop Assistive Technology approaches.

COMMUNITY LIVES CONSORTIUM

MANAGEMENT INFORMATION

Year Ended 31 March 2007

CLC Assistive Technology

To maintain and develop Assistive Technology within CLC services.

ICT

To support the development of Assisted Technology within Consortium Services

Intensive Support

To develop in partnership with CCS Intensive Support Service.

Assisted Homebuy

To project manage Assisted Homebuy development programme between 2005 - 2008.

Mobility, clothing and holiday designated reserve

This reserve has been created to set aside unused funds provided for use by the residents to purchase clothes and holidays, and CLC Fleet Management purposes.

NPT Targeted Support

To support the development IT strategy within Consortium Services.

12. PENSION SCHEME

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 2007. From April 2007 there are three benefit structures available, namely:

- 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 01.04.07 and 1/60 benefit structure for new entrants from 01.04.07

COMMUNITY LIVES CONSORTIUM

MANAGEMENT INFORMATION

Year Ended 31 March 2007

12. PENSION SCHEME (continued)

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 organisation paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age.

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.

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 2006. 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 £1,515 million and an decrease in the shortfall of assets compared with liabilities to £235 million equivalent to a past service funding level of 87%. 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

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12. PENSION SCHEME (continued)

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 Assumed life Expectancy in years at age 65	Females Assumed life Expectancy in years at age 65
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 1/60 th accrual rate	17.6
Final salary with a 1/70 th accrual rate	15.3
Career average revalued earnings with a 1/60 th accrual rate	14.1

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.

recovery plan). 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. An actuarial report will be prepared as at 30 September 2007 in line with statutory regulations.

COMMUNITY LIVES CONSORTIUM

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Year Ended 31 March 2007

12. PENSION SCHEME (continued)

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under part 3 of the Pensions Act 2004 to issue the 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 the 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 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.

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 Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a 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 Scheme. If the liabilities exceed assets there is a buy-out debt.

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

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.

COMMUNITY LIVES CONSORTIUM

MANAGEMENT INFORMATION

Year Ended 31 March 2007

13. 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.

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%.

COMMUNITY LIVES CONSORTIUM

MANAGEMENT INFORMATION

Year Ended 31 March 2007

13. PENSION SCHEME – GROWTH PLAN (continued)

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

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.

COMMUNITY LIVES CONSORTIUM

MANAGEMENT INFORMATION

Year Ended 31 March 2007

13. PENSION SCHEME – GROWTH PLAN (continued)

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 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.