GreenSquare

Report and Financial Statements 2010/2011

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GREENSQUARE GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

♦ *Year ended 31 March 2011*♦

REPORT AND FINANCIAL STATEMENTS

CONTENTS

BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board:

Chair	Hilary Gardner (from 14 September 2010) Mr James Williamson (to 14 September 2010)
Vice Chair	Wendy Hall
Other Members	Derek Cash Alice Copping (from 1 April 2010) Bill Fishlock Paul McLaughlin (from 20 July 2010) Pearl Peckham (from 14 September 2010) Helena Taylor Knox (from 20 July 2010) Eleanor Thompson (from 14 September 2010) Ivor Williams (to 14 September 2010) David Ashmore - co-opted annually
Executive Directors:	
Chief Executive	D Ashmore
Group Director of Finance & IT	T Jackson
Group Director Corporate Services	L Whordley Hughes
Group Director of Development	V O'Brien
Managing Director of Oxford Citizens Housing Association Ltd	A Smith
Managing Director Westlea Housing Association Ltd	A Cornelius
Secretary:	L Whordley Hughes
Registered office:	Methuen Park Chippenham Wiltshire SN14 OGU
External auditors:	Grant Thornton UK LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6FT
Registered number	Registered as a charitable social landlord under the Industrial and Provident Societies Acts, No. 30386R. Registered by the Tenants Services Authority, No. L4515

Principal solicitors:	Anthony Collins 134 Edmund Street Birmingham B3 2ES	Bevan Brittan Kings Orchard 1 Queens Street Bristol BS2 0HQ	Blake Lapthorn Tarlo Lyons Harbour Court Compass Road North Rd Harbour Portsmouth

CHAIR'S STATEMENT

I am delighted to present my first Chair's statement following my formal appointment as Group Chair in September 2010.
At the National Federation of Housing Association's Annual Conference last September, David Orr, the Chief Executive said in his annual address to conference that anyone who thought this year would just be about cuts in capital grant funding is 'daft'.

How right he was!

I have been involved in social housing for over 25 years and I have never experienced a year where every part of our business is the subject of significant change:- from savage cuts in capital and revenue grants to the proposed significant changes to the welfare benefit system on which so many of our residents rely on, to the introduction of fixed term tenancies and a new 'affordable 'rent regime to changes in planning legislation, nothing remains unchanged.

All this on top of a national and worldwide economy which remains very fragile. However, as an organisation we had been mindful these changes would be coming and have been preparing ourselves to respond to them. Our excellent results last year enabled us to start this year on a strong foundation and we have continued this year to achieve and in some cases exceed our targets.
Achievements we are particularly proud of include:

- being awarded IiP accreditation, silver standard, our first Group wide accreditation.
- our ground breaking Residents Scrutiny Panel continues to go from strength to strength and was shortlisted for 'Involving and empowering communities' in the 2010 UK Housing Awards.
- we have bid successfully in partnership with HAB/Oakus our joint venture with Kevin McCloud for 2 high profile schemes at Cashes Green in Stroud and across 3 sites in Oxford owned by the Council. These schemes will produce over 187 new homes across a variety of tenures and significantly without any grant funding from the HCA.

Our commitment to residents being at the heart of our business continues to develop with the introduction later this year of our Residents Academy, a resource which will be available for all our residents to access training not only to help them contribute and influence the work of GreenSquare but also enhance their general life skills and chances.

Our financial performance has also been very strong with a 10% increase in our operating surplus to £11.4m and a retained surplus for the year of £2.2m. This was after accounting for £11.6m spending on our existing homes. Across the group rent arrears are at a historic low which is outstanding given the prevailing economic conditions.

Finally none of these things would have happened without the effort, skill and hard work of all our staff who have achieved such excellent results in what has been another challenging and, some would say, unsettling year. I would also like to thank all my fellow Board members too for the support and dedication they have given to GreenSquare this year. It really is a team effort.

I am confident that even with the continued challenges that the next year will bring, GreenSquare is well placed to continue to go from strength to strength.

Hilary Gardner
Chair
19 July 2011

REPORT OF THE BOARD

The Board of GreenSquare Group Limited is pleased to present its report together with the audited financial statements for the year ended 31 March 2011.

GreenSquare Group (‘the group’) comprises the Association and its subsidiaries Westlea Housing Association Limited (‘Westlea’), Oxford Citizens Housing Association Limited ('OCHA') Oakus Estates Limited ('Oakus') and Tidestone Limited (‘Tidestone’). The financial statements are prepared on a group basis thus reflecting activities of the subsidiary companies as well as the Association.

Principal activities

GreenSquare is a not-for-profit organisation overseen by a Management Board. Its subsidiaries provide and manage affordable rented housing and develop private housing for rent and sale.

As well as managing over 9,900 properties, GreenSquare is a major developer of new affordable housing and is a lead development partner under the Homes and Communities Agency (HCA) National Affordable Housing Programme. During the year, the group employed 374 staff on a full time equivalent basis. Any surpluses made by the subsidiaries are retained within the group.

GreenSquare is a major provider of housing, regeneration, care and support and commercial services across Wiltshire, Oxfordshire, Gloucestershire and the surrounding areas.

Business review

Details of the group’s performance for the year and future plans are set out in the Operating and Financial Review that follows this report.

Reserves

The group surplus for the year after tax was £2.2million (2010: £2.1million). After transfers the group’s reserves stand at £140.4million (2010: £132.7million).

Efficiency

The Board is committed to delivering an effective and efficient service to residents and other stakeholders and uses a range of strategies to increase efficiency including re-evaluating procurement policies, partnering with contractors for new build and reducing staff turnover, sickness and absenteeism.

Employees

Our people are the key to our success. We aim to be an employer of choice in the area in which we work, and are proud to hold the Investors In People silver accreditation. We are serious about investing in our people and offer fantastic training and development opportunities.

Resident involvement

The involvement of our residents is pivotal in how we shape and develop our services. We have Resident Board members, a ground-breaking Resident Scrutiny Panel and a District Forum.

REPORT OF THE BOARD *continued*

Health and safety

The Board is very much aware of its responsibilities on all matters relating to health and safety. The governance arrangements around Health and Safety have been reviewed and the decision taken to move forward with a single Group committee on Health and Safety. The group has adopted robust health and safety policies and provides Board and staff training and education on health and safety matters.

Board members and executive directors

Those Board members who served during the period and the group's executive directors are set out on page 1. The Board members are drawn from a wide background bringing together professional, commercial and local experience.

GreenSquare provides a range of central services – governance, finance, development, human resources and information technology – to its subsidiaries, under the scope of an intra-group agreement. The Chief Executive, Group Corporate Services Director and the Group Director of Finance & IT are employed directly by GreenSquare, providing services via this intra-group agreement. The Group Corporate Services Director holds the position of Secretary to the Board. Other members of the executive team will attend meetings of the Board as appropriate but are not members.

The Chief Executive holds no interest in the Association's shares and has been co opted to, and acts within, the authority delegated by the Board.

The group has insurance policies which indemnify its Board members and executive directors against liability when acting for the Association.

The Board
The Board comprises up to twelve non-executive members and is responsible for the group and Association's strategy and policy framework and managing the affairs of the group.

The Board delegates the day-to-day management and implementation of that framework (via the intra group agreement) to the Chief Executive and other members of the group's executive team although responsibility for implementation remains with the Managing Directors of OCHA and Westlea. The Managing Directors are members of the group's executive team.

Board Membership
Under the terms of the intra-group agreement, the Group Membership Committee has nomination rights over the appointment of the Board members of OCHA and Westlea. Independent and Tenant Board members are selected by a panel of Board members (including the Chair and the Chief Executive) following public advertisement for recruitment.

Remuneration policy
The Remuneration Committee, comprising the Chair and a minimum of two other Board members, is responsible for setting the group's remuneration policy for its executive directors and other staff.

The committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the executive directors. Basic salaries are set having regard to each executive director's responsibilities and pay levels for comparable positions.

Service contracts
The executive directors are employed on the same terms as other senior managers - their notice periods are three months.

Pensions
The executive directors are members of either the Social Housing Pension Scheme or the Wiltshire County Council Pension Fund, both defined benefit (final salary) pension schemes. They participate in the schemes on the same terms as all other eligible staff and the group contributes to the schemes on behalf of its employees.

REPORT OF THE BOARD *continued*

Other benefits
The executive directors are entitled to other benefits such as the provision of cash allowancs in lieu of a company car. Full details of their individual remuneration packages are included in note 12 to the audited financial statements.

Statement of the Responsibilities of the Management Board for the Report and Financial Statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Industrial and Provident Societies Acts and registered social landlord legislation requires the Board to prepare financial statements for each financial year. Under these laws the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Industrial and Provident Society legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social landlords (2008), have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 (to 31 March 2011), the Housing and Regeneration Act 2008 (from 1 April 2011) and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Management Board is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (2008).

The Board is responsible for the maintenance and integrity of the corporate and financial information on the group's website.

NHF Code of Governance

The Association complies with the principal recommendations of the NHF Code of Governance (revised) and has adopted a number of policies and procedures to help achieve these objectives.

Internal controls assurance

The Board acknowledges its overall responsibility, applicable to all organisations within the group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the period commencing 1 April 2010 up to the date of approval of the annual report and financial statements.

REPORT OF THE BOARD *continued*

Key elements of the control framework include:

- Board approved terms of reference, including a detailed intra-group agreement between the Association and its subsidiaries, supported by detailed service level agreements and delegated authorities for audit and remuneration committees;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes with detailed financial budgets and forecasts;
- review of the Association's risks by the Board and Group Audit Committee;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review on a regular basis;
- regular reporting to senior management and the Board/appropriate committee of key business objectives, targets and outcomes;
- Board approved whistleblowing, disciplinary and capability policy which covers expectations of fraud and code of conduct;
- detailed policies and procedures in each area of the Association's work; and
- regular monitoring of loan covenants and requirements for new loan facilities.

A monitor on fraud is maintained and is reviewed by the Group Audit Committee at every meeting. There were no frauds reported during the period under review.

The board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Group Audit Committee. The Group Audit Committee was formed to oversee the internal control framework for all companies within the group. The Group Audit Committee received and considered reports from management on these risk management and control arrangements at each meeting during the year and the Board received its annual risk report in May 2010 and other reports regularly during the year.

The means by which the Group Audit Committee reviews the effectiveness of the system of internal control include considering risk reports, internal audit reports, fraud reports, management assurances, the external management letter and specialist reviews on areas such as treasury, health and safety, and efficiency.

The Group Audit Committee has received the Chief Executive's and Group Director of Finance & IT's annual review of the effectiveness of the system of internal control for the group, and the annual report of the internal auditor, and has reported its findings to the Board.

Going concern

The group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The group has in place long-term debt facilities (including £93million of undrawn facilities at 31 March 2011), which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations. The group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

After making enquiries the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual General Meeting

The annual general meeting will be held on 6 September 2011.

Disclosure of information to auditors

At the date of making this report each of the Association's Board members, as set out on page 1, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- each Board member has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 19 July 2011 and signed on its behalf by:

H Gardner
Chair

OPERATING AND FINANCIAL REVIEW - HIGHLIGHTS - FOUR YEAR SUMMARY

For the year ended 31 March	2011	2010	2009	2008
Group Income and Expenditure account	**£'000**	**£'000**	**£'000**	**£'000**
Total turnover	44,975	45,341	45,681	44,602
Income from lettings	41,739	41,170	38,970	37,811
Operating surplus	11,363	10,285	8,913	7,961
Surplus for the year after tax	2,174	2,070	1,039	2,217
Group Balance Sheet				
Housing properties, net of depreciation	374,122	368,236	332,064	281,387
SHG and other capital grants	18,867	25,030	30,577	15,506
Housing properties net of capital grants and depreciation	355,255	343,206	301,487	265,881
Net current (liabilities)/assets	*(4,169)	4,291	6,889	5,712
Loans (due over one year)	211,015	210,067	193,842	157,116
Provisions	147	21	50	193
Net pension liability	4,978	10,135	4,604	2,457
Reserves : revenue	32,243	23,373	26,003	26,275
: designated	46	48	51	52
: revaluation	108,103	109,294	89,322	90,563
: total	140,392	132,715	115,376	116,890
Accommodation figures				
Total housing stock managed at year end (number of units):	9,935	9,880	9,533	9,290
In development	393	209	350	495

* Net current liabilities are due to the reduction in debtors and short term deposits.

As this is the third set of accounts prepared for GreenSquare Group Limited, only a four year history is disclosed above.

OPERATING AND FINANCIAL REVIEW

Activities

GreenSquare Group is a major provider of housing, regeneration, care and support and commercial services across Wiltshire, Oxfordshire, Gloucestershire and the surrounding areas.

We have the following key business streams:
- ‘general needs’ housing for rent, primarily by families who are unable to rent or buy at open market rates;
- temporary housing, providing short term accommodation for homeless families;
- supported housing and housing for older people who need additional housing-related support or additional care; and
- low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to the Association on the remainder.

As well as managing over 9,900 properties, we are a major developer of new affordable housing and a lead development partner under the Homes and Communities Agency (HCA) National Affordable Housing Programme.

Objectives and strategy

The group’s objectives and strategy are set out in a business plan that is reviewed and approved by the Board each year.

The Board is committed to delivering an effective and efficient service to residents and other stakeholders and achievement of group objectives will also depend on successful implementation of a range of strategies to increase efficiency.

The group has a value for money and procurement strategy and is working actively to reduce costs and increase the quality of homes and services.

Government and regulatory changes

Changes in government policy or new legislation could have a significant impact on the sector and therefore the operations of the group however it is currently difficult to predict what any change in regulation and funding arrangements will be. The constraints placed on public funding by the economic crisis of the last two years will clearly impact on the availability of social housing grant, placing greater pressure on housing associations trying to deliver their development programmes.

Government policies have been aimed at significantly increasing housing supply by widening the availability of social housing grant to the private sector; extending opportunities for people to buy their homes; and consulting on changes to the planning and taxation systems to help finance the new developments. This is reflected in the new affordable rent regime introduced by the HCA from April 2011.

In addition, the quality of affordable and sustainable housing remains a key focus for a government that has committed to delivering decent homes for all social housing tenants. Housing associations are also expected to contribute to the efficiency targets set following the Gershon review and we are therefore faced with the challenging objective of continuing progress in improving efficiency and quality of services.

As a result there is increased emphasis on resident engagement and the principle of choice in the provision of services. A consequence of this is the need to demonstrate clear accountablility to our residents and the wider community where we operate. These priorities need to be considered in the wider context of the current economic pressures and the constraints placed on all businesses as we emerge from the recession.

OPERATING AND FINANCIAL REVIEW *continued*

Performance and development

Finance

The Board agrees targets each year that are designed to manage development and deliver continuous service improvement. In a gloomy economic climate and depressed housing market, the board had set a challenging budget for the year. Planned rental increases were negative, as required under the Tenant Services Authority (TSA) guidance on rent restructuring and we anticipated increases in staff costs, due primarily to recruitment and increases in pension contributions and national insurance, as well as higher insurance premiums and repair costs than in previous years. We have continued to generate small surpluses from property sales, principally shared ownership and are pleased to report that the group made a surplus before tax of £2.3m for the year (2010:£2.1m). Our financial performance has meant we have met lenders covenants.

The consolidated surplus for the year transferred to reserves was £2.2m (2010: £2.1m). This excludes a gain of £2.0m resulting from the government's announcement to link future pension increases to CPI as opposed to RPI, as the executives do not consider that a constructive obligation existed in respect of future increases being linked to RPI prior to this announcement. At the year-end total unrestricted reserves amounted to £140.4m (2010: £132.7m). Further details of reserves transfers are shown in note 26 to the financial statements.

Key factors influencing these results were:

- During the year OCHA gained the contract to supply the planned support service for older people in Oxford City. The service commenced on 4 October 2010 and six staff were transferred from Oxford City Councils support service. The associated Oxfordshire County Council pension fund liability is disclosed in the financial statements.
- The group developed 150 new properties during the year and there are 393 more properties on site in development.
- As a result of the increased levels of development, borrowings increased from £210.8m at the beginning of the year to £211.8m as at 31 March 2011.
- The Wiltshire County Council Pension Scheme pension deficit decreased by £5.2m during the year, to leave the deficit at £5.0m as at 31 March 2011.
- The continuing reduction in temporary accommodation.

The group has net current liabilities of £4.2m and manages its working capital around the loan facility. As at 31 March 2011, £93m was available for drawdown against the current value of charged housing properties.

The group remains committed to an increased investment in our front line customer services and also resident and community development activities.

Development

We have exceeded our development targets with 150 new homes transferred into management during the year. This enabled us to meet the development requirements of the HCA Programme during the year.

Asset management

The proportion of our general needs, housing for older people and supported housing properties meeting the Decent Homes Standard is now at over 99.8%, and is just below our target (100%).

Total expenditure on repairs and maintenance amounted to £11.6m (2010: £10.9m) for the year, including £1.6m (2010: £1.4m) for major repairs, which have been financed principally from internally generated funds.

OPERATING AND FINANCIAL REVIEW *continued*

Customer service

Our performance against key performance indicators is summarised in the individual subsidiary financial statements. The group approach to performance management includes an outcome focussed business plan with clear targets and indicators of success summarised in a balanced scorecard, reported regularly to the Board and senior management. The main indicators for next year are shown below:

- Actual surplus to be higher or equal to the budgeted surplus
- Overall satisfaction with our service to be in the top quartile compared to our peers
- Overall satisfaction with last contact to exceed 80%
- Overall satisfaction with repairs and maintenance to be maintained at 85%
- 100% emergency repairs and 97% of urgent and routine repairs to be completed within target times
- Tenants believing rent is good value for money to exceed 80%
- Empty general needs properties to be re let in under 25 days
- Pipeline of new homes to be over 400
- Staff satisfaction with GreenSquare as an employer to be maintained at 85%

Risks and uncertainties

The main risks that may prevent the group achieving its objectives are considered and reviewed quarterly by the senior management team and Board as part of the corporate planning processes. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the group, are reported to the Group Audit Committee together with action taken to manage the risks and the outcome of the action. These risk reports include assessments of key controls used to manage the risks. The major risks to successful achievement of the group's objectives are considered below.

Key risk	Action being taken
Current economic climate and impact on public sector funds and the housing market The future reductions in capital grants and changes to the housing benefit rules, along with the wider economic downturn, have been identified as key risks to the group. Such changes are likely to impact on the group's ability to deliver its planned development programme and may also affect core activities, for example if rental arrears increase as a result of reductions in housing benefit, or costs increase due to the rise in VAT.	• regular review of business plan to ensure that the group has adequate resources to deliver committed activities and development • monitoring rental arrears and working closely with tenants to recover these on a timely basis • reviewing our cost base to identify cost savings where possible
Delivery of development programme Successful delivery of the programme depends on continued support from the HCA for the group, as well as the ability and willingness of development contractors to continue to build our schemes in a challenging economic environment.	• maintaining regular contact with the HCA on the development programme • enhancing credit checks on new contractors and re-assessing existing contractors • monitoring progress of schemes under development, with regular meetings with contractors
Availability of finance Availability of loan finance is key to a thriving housing market. Potential impact on the group's ability to deliver its development programme as well as difficulty for potential shared ownership purchasers to raise finance.	• regular communication with lenders to maintain strong relationships • close monitoring of lenders' covenants, reported to the board each month • negotiating new facilities well in advance of need

OPERATING AND FINANCIAL REVIEW *continued*

Low demand for housing properties developed for sale The group's development programme includes low cost home ownership. Success depends on demand for the properties. Low demand in the housing market generally has an impact on low cost home ownership schemes.	• continual review of planned developments. Removing potential low cost home ownership schemes where these may be slow to sell. • Re-appraising planned schemes to offer alternative forms of tenure. • improved marketing techniques
Change in government policy or new legislation Such changes could have significant impact on the sector and therefore the operations of the group e.g. changes to the planning or tax regimes may increase costs of new developments reducing scheme affordability.	• staff maintain close contact with key external bodies to unsure any changes are fully understand before they are acted upon by the group
Performance failure Performance failures in services to our customers would affect our rating with the TSA and our reputation in the sector. Failure to deliver our development programme may result in a withdrawal of capital grant.	• regular customer satisfaction surveys carried out and performance monitored • development programme monitored on an on-going basis. Any issues discussed with TSA and HCA as early as possible
Loss of key staff Retention of quality staff and managers is key to successful delivery of our business plans.	• staff development programme, including regular performance appraisals, implemented and monitored • staff satisfaction survey carried our annually

Financial position

The income and expenditure account and balance sheet are summarised on page 8 and the following paragraphs highlight key features of the group's financial position at 31 March 2011:

Accounting policies
The group's principal accounting policies are set out on pages 21 to 24 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties.

Housing properties
At 31 March 2011 the group managed 9,935 housing properties (2010: 9,880). The properties were carried in the balance sheet at £355.3m (2010: £343.2m) including £3.8m in respect of Oakus's properties.

Our investment in housing properties this year was funded through a mixture of social housing grant, loan finance and working capital where we continue to show a strong current asset balance. The group's treasury management arrangements are considered below.

Pension costs
The group participates in three pension schemes, the Social Housing Pension Scheme (SHPS), the Wiltshire County Council Pension Scheme (WCCPS) and the Oxfordshire County Council Pension Fund (OCCPF). The latter as a result of the TUPE transfer of staff with the Oxford City support contract with OCHA. The SHPS scheme is a final salary scheme for those staff in the scheme at 31 March 2007 and a Career Average Related Earnings (CARE) scheme for all new employees. The WCCPS and OCCPF are final salary schemes. The group has contributed to the schemes in accordance with the levels set by the actuaries of between 12.9% and 15.8% for SHPS, 31.6% for WCCPS and 19.3% for OCCPF.

Capital structure and treasury policy
We adopt a conservative approach to treasury management. No derivatives are used and the Board seeks independent advice from external consultants along with quarterly reports from officers on treasury and investment performance.

The group borrowed a further £2.0m during the year, to continue to develop general family housing. By the year end loans amounted to £211.8m. Of this £211.8m, approximately 86% of debt was fixed at an average interest rate of 4.8%, with the remaining floating debt at an average interest rate of 2.7%. Total interest costs for the group were £9.8m for the year (2010: £9.3m).

The group aims to fix at least 60% of its debt, with maturities spread over the medium term. The group borrows and lends only in sterling and is not exposed to currency risk.

The group's lending agreements require compliance with a number of financial and non-financial covenants. The group's position is monitored on an on-going basis and reported to the board each quarter. Our financial performance has meant we have met lenders' covenants and the board expects to remain compliant in the foreseeable future.

Cashflows
Cash inflows and outflows during the year are shown in the cash flow statement (page 20).

At the year end, the group's current assets included £1.8m (2010: £1.7m) in liquid funds (cash at bank including overnight money market).

Future developments
As expressed in our Corporate Objectives, we will continue to re-invest in our existing property, based upon an asset management strategy. We will also continue to develop the housing stock to further meet housing need in our areas of operation.

During the next twelve months further planned borrowings to finance new developments could increase gearing. However, this is in line with targets set by the Board.

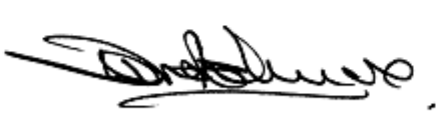
Undrawn loan facilities of £93m are available under existing arrangements. We anticipate that a significant amount of the facility will be drawn down over the next three years to fund our development programme.

Following a full survey of the condition of our housing stock, a new planned maintenance programme was approved and implemented during the year.

The association continues to assess the impact of the Comprehensive Spending Review on its business plan and intended future developments. The association's resources are only committed to a scheme once funding has been secured. Other initiatives will be developed over the next year to assist our tenants in dealing with changes to housing and other benefits.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in the SORP: 'Accounting by Registered Social landlords' (2008).



Dave Ashmore
Chief Executive
19 July 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENSQUARE GROUP LIMITED

We have audited the financial statements of GreenSquare Group Limited for the year ended 31 March 2011 which comprise the group income and expenditure account, association income and expenditure account, the statement of total recognised surpluses and deficits, the note of historical cost surpluses and deficits, the reconciliation of movement in funds, the group balance sheet, the association balance sheet, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the housing association's members, as a body, in accordance with regulations made under Section 4 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the housing association'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 housing association and the housing association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the Statement of the Responsibilities of the Management Board for the Report and Financial Statements (set out on page 5), the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and association's affairs as at 31 March 2011 and of the group's and association's surplus for the year then ended;
- have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 require us to report if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors, Bristol, England.
19 July 2011

GROUP INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover: continuing activities	3	44,975	45,341
Operating costs	3	(33,612)	(35,056)
Operating surplus: continuing activities	3,7	11,363	10,285
Surplus on fixed assets	8	140	186
Interest receivable and other income	9	31	30
Interest payable and similar charges	10	(8,969)	(8,052)
Other finance charges	11	(304)	(361)
Surplus on ordinary activities before taxation		2,261	2,088
Tax on surplus on ordinary activities	13	(87)	(18)
Surplus for the financial year	26	2,174	2,070

The notes on pages 21 to 52 form part of these financial statements.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover: continuing activities	3	5,285	5,113
Operating costs	3	(5,285)	(5,113)
Operating surplus: continuing activities		-	-
Interest receivable and other income		-	-
Surplus on ordinary activities before taxation		-	-
Tax on surplus on ordinary activities		-	-
Surplus on ordinary activities before taxation		-	-

The notes on pages 21 to 52 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
for the year ended 31 March 2011

	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Surplus for the financial year	2,174	2,070	-	-
Unrealised (deficit)/surplus on revaluation of housing properties	(42)	20,583	-	-
Unrealised (deficit)/surplus on revaluation of investments	(3)	67	-	-
Actuarial gain/(deficit) relating to the pension scheme	5,548	(5,381)	-	-
Total recognised surpluses and deficits	7,677	17,339	-	-

Of the £5,548,000 actuarial gain £2,035,000 relates to the Government's announcement on 22 June 2010 that future pensions increases would be linked to CPI as opposed to RPI. The remainder of the amount relates to changes in the fair value of the assets and liabilities of the scheme other than the expected return on assets, operating costs and finance costs which are recognised in the income and expenditure account.

The group and association have considered the Urgent Issues Task Force (UITF) Abstract 48 which provides guidance on the appropriate recognition of the results of the Government's announcement. This requires the Directors to consider whether a constructive obligation to use RPI rather than CPI had been created with members prior to the announcement being made. If such an obligation existed the amount of £2,035,000 would be recognised within the income and expenditure account. On assessing the evidence the Directors consider that no such obligation existed and the resulting gain has therefore been accounted for as a change in actuarial assumption.

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31 March 2011

	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Reported surplus on ordinary activities before taxation	2,261	2,088	-	-
Realisation of property revaluation gains	280	152	-	
Excess of actual depreciation charge over historical cost depreciation	1,145	678	-	-
Historical cost surplus on ordinary activities before taxation	3,686	2,918	-	-
Historical cost retained surplus	3,599	2,900	-	-

RECONCILIATION OF MOVEMENTS IN FUNDS
for the year ended 31 March 2011

	Group	Association
	£'000	**£'000**
Opening total funds as at 1 April 2010	132,715	-
Total recognised surpluses and deficits	7,677	-
Closing total funds at 31 March 2011	140,392	-

The notes on pages 21 to 52 form part of these financial statements.

GROUP BALANCE SHEET
at 31 March 2011

	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties	14	355,255	343,206
Other tangible fixed assets	15	5,731	5,703
		360,986	348,909
Current assets			
Stock	17	1,445	2,587
Debtors	18	2,858	4,516
Investments	19	1,397	4,581
Cash at bank and in hand		1,787	1,720
		7,487	13,404
Creditors: amounts falling due within one year	20	(11,656)	(9,113)
Net current (liabilities)/assets		(4,169)	4,291
Total assets less current liabilities		356,817	353,200
Creditors: amounts falling due after more than one year	21	211,300	210,329
Provisions for liabilities and charges	24	147	21
Net pension liability	11	4,978	10,135
		216,425	220,485
Capital and reserves			
Non-equity share capital	25	-	-
Designated reserve	26	46	48
Revaluation reserve	26	108,103	109,294
Revenue reserve	26	32,243	23,373
Consolidated funds		140,392	132,715
		356,817	353,200

The financial statements were approved by the Board on 19 July 2011 and signed on its behalf by:

H Gardner
Chairman of the Board

W Hall
Vice Chair

L Whordley Hughes
Company Secretary

The notes on pages 21 to 52 form part of these financial statements.

ASSOCIATION BALANCE SHEET
at 31 March 2011

	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Other tangible fixed assets	15	527	529
Investments in subsidiaries	16	-	-
		527	529
Current assets			
Debtors	18	833	693
		833	693
Creditors: amounts falling due within one year	20	(1,327)	(1,222)
Net current liabilities		(494)	(529)
Total assets less current liabilities		33	-
Creditors: amounts falling due after more than one year	21	-	-
Provisions for liabilities and charges		33	
		33	-
Capital and reserves			
Non-equity share capital	25	-	-
Revenue reserve	26	-	-
Association's funds		-	-
		33	-

The financial statements were approved by the Board on 19 July 2011 and signed on its behalf by:

H Gardner Chairman of the Board	W Hall Vice Chair	L Whordley Hughes Company Secretary

The notes on pages 21 to 52 form part of these financial statements.

GROUP CASH FLOW STATEMENT
for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	28	18,185	14,251
Returns on investments and servicing of finance			
Interest received and similar income		33	46
Interest paid		(9,966)	(9,239)
Net cash outflow from returns on investment and servicing of finance		(9,933)	(9,193)
Taxation – corporation tax paid		(18)	(157)
Capital expenditure			
Purchase and construction of housing properties		(25,477)	(45,534)
Social housing grant received		13,006	20,810
Purchase of other fixed assets		(706)	(678)
Sale of properties - proceeds		573	427
Proceeds from sale of investments		24	33
Net cash outflow from investing activities		(12,580)	(24,942)
Net cash outflow before liquid resources and financing		(4,346)	(20,041)
Management of liquid resources			
Cash withdrawn from deposits	30	3,181	3,008
Financing			
Loans received		2,000	17,500
Loans repaid		(768)	(1,234)
	30	1,232	16,266
Increase/(decrease) in cash	29,30	67	(767)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

1. Legal status

The Association is registered under the Industrial and Provident Societies Act 1965, has charitable status and is registered with the Tenant Services Agency ('TSA') as a social landlord.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

Basis of consolidation

The group accounts consolidate the accounts of the association and all its subsidiaries at 31 March using the merger accounting principles set out in Financial Reporting Standard 6.

Turnover

Turnover compromises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Revenue recognition

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or

b) interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

Taxation

The Association is accepted as a charity by the Inland Revenue. Income and capital gains of the Association are generally exempt from tax if applied for charitable purposes.

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and is not recoverable from HM Customs and Excise. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

Pensions

The Group participates in four funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS'), the Pension Trust's Growth Plan ('PTGP'), the Wiltshire County Council Pension Fund ('WCCPF') and the Oxfordshire County Council Pension Fund ('OCCPF').

For the SHPS and PTGP, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contributions payable to the scheme for the accounting period.

For the WCCPF and OCCPF, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Supported housing managed by agencies

Social housing capital grants are claimed by the Group as developer and owner of the property and included in the balance sheet of the Group. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Group and its managing agents and on whether the Group carries the financial risk.

Where the Group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Group's income and expenditure account.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Group.

Housing properties

Housing properties are principally properties available for rent and shared ownership.

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH). Full revaluations of the properties are undertaken every five years and interim valuations are carried out where there are indications of a significant change in value.

Housing properties under construction are stated at cost less related social housing grant and other capital grants. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works to existing properties which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

Social housing grant

Social housing grant (SHG) is receivable from the Homes and Communities Agency (‘HCA’) (formerly from the Housing Corporation) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

These include grants from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties

Freehold land is not depreciated. When the value of housing properties shown in the accounts exceeds the market value of the land at the date of the valuation, depreciation is charged to write down the depreciable amount, on a straight-line basis, over the estimated useful life of the properties to the business. The Group’s housing properties are depreciated at the following annual rates:

Houses and flats	A range of 75 to 80 years
Sheltered housing	50 years

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business if shorter.

Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the group. Any such write down would be charged to operating surplus.

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold office buildings	50 and 75 years
Furniture, fixtures and fittings	5-10 years
Computers and office equipment	3-5 years
Motor vehicles	5-7 years

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Stocks

Stocks comprise shared ownership first tranche sales, completed properties for outright sale, property under construction and raw materials and consumables and are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Current asset Investments

Investments are stated at market value. Any revaluation of investments is reflected in the Statement of Recognised Surpluses and Deficits. Diminutions beyond the level of the revaluation reserve for investments are charged to the income and expenditure account.

Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Reserves

The Group establishes designated reserves where these are earmarked for a particular purpose.

Hunts Close Reserve

Following the transfer of the assets and liabilities from Oxfordshire Charitable Housing Trust, the Group set up a designated reserve to fund extra repairs, improvements and an element of service charges in relation to properties at Hunts Close.

Revaluation Reserve

The difference between the valuation of housing properties and the historic carrying value (net of capital grants and depreciation) is credited to the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

		2011			2010		
Group	**Note**	**Turnover £'000**	**Operating costs £'000**	**Operating surplus / (deficit) £'000**	**Turnover £'000**	**Operating costs £'000**	**Operating surplus / (deficit) £'000**
Social housing lettings	**4**	41,739	(30,031)	11,708	41,170	(30,611)	10,559
Other social housing activities							
Architects and surveyors services		30	(34)	(4)	52	(33)	19
Development services		1	-	1	1	-	1
Management services		18	(13)	5	19	-	19
Supporting People contract income		798	(983)	(185)	685	(734)	(49)
Development costs not capitalised		-	(596)	(596)	-	(841)	(841)
First tranche shared ownership sales		1,889	(1,160)	729	2,753	(2,294)	459
Other		134	(389)	(255)	205	(128)	77
		2,870	(3,175)	(305)	3,715	(4,030)	(315)
Non social housing activities							
Market rent lettings and other commercial initiatives		194	(199)	(5)	178	(187)	(9)
Student accommodation lettings		107	(143)	(36)	107	(160)	(53)
Other		65	(64)	1	171	(68)	103
		366	(406)	(40)	456	(415)	41
		44,975	(33,612)	11,363	45,341	(35,056)	10,285

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS *continued*

Association	Note	2011 Turnover £'000	2011 Operating costs £'000	2011 Operating surplus £'000	2010 Turnover £'000	2010 Operating costs £'000	2010 Operating surplus £'000
Other social housing activities							
Management services to subsidiaries		5,285	(5,285)	-	5,113	(5,113)	-
		5,285	(5,285)	-	5,113	(5,113)	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group	General needs housing	Supported housing and for older people	Temporary social housing	Care Homes	Low cost home ownership	Garages	2011 Total	2010 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	32,287	4,348	1,306	32	1,206	567	39,746	39,269
Service charges receivable	528	789	-	26	121	-	1,464	1,271
Charges for support services	1	100	-	-	-	-	101	211
Management fees	67	5	186	-	50	4	312	332
Net rental income	32,883	5,242	1,492	58	1,377	571	41,623	41,083
Other revenue grants	-	116	-	-	-	-	116	87
Turnover from social housing lettings	32,883	5,358	1,492	58	1,377	571	41,739	41,170
Services	980	944	7	24	89	7	2,051	2,434
Management	9,087	2,150	527	29	437	165	12,395	12,072
Routine maintenance	5,669	796	192	12	27	37	6,733	6,122
Planned maintenance	2,993	207	-	1	-	44	3,245	3,338
Major repairs expenditure	1,125	476	-	-	(4)	-	1,597	1,422
Rental payments to landlords	-	-	971	-	-	-	971	1,766
Rent losses from bad debts	16	25	24	-	2	4	71	244
Depreciation of housing properties	2,435	434	-	-	254	-	3,123	2,484
Impairment of housing properties	(155)	-	-	-	-	-	(155)	729
Operating costs on social housing lettings	22,150	5,032	1,721	66	805	257	30,031	30,611
Operating surplus/(deficit) on social housing lettings	10,733	326	(229)	(8)	572	314	11,708	10,559
Void losses	170	156	80	17	-	142	565	653

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

5. UNITS MANAGED BY AGENCIES

Where the agency carries the financial risk, the Group's income and expenditure account includes only the income and expenditure for which it retains responsibility

	Group		Association	
	2011 No.	2010 No.	2011 No.	2010 No.
Supported Housing				
Mencap	10	10	-	-
Stonham Housing Association	-	6	-	-
MIND	29	23	-	-
Response	14	15	-	-
Housing from Hospital	-	2	-	-
Barnardos	7	7	-	-
Ability	3	3	-	-
	63	66	-	-

6. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

The number of units of accommodation in management at the end of the year for each class of accommodation is as follows:

	Group		Association	
	2011 No.	2010 No.	2011 No.	2010 No.
Social housing				
General needs	7,709	7,607	-	-
Housing for older people	842	841	-	-
Care homes	25	25		
Supported housing	349	387	-	-
Low cost home ownership	579	539	-	
Leasehold properties	290	289	-	-
Total owned	9,794	9,688	-	-
Temporary housing under lease agreements	74	127	-	-
Accommodation managed on behalf of other organisations	1	1	-	-
Non-social housing				
Student accommodation	34	34	-	-
Market rent lettings	32	30		
Total units in management	9,935	9,880	-	-
Accommodation in development at the year end	393	209	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

7. OPERATING SURPLUS

This is arrived at after charging (crediting):	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Depreciation of housing properties	3,137	2,498	-	-
Impairment of housing properties	(155)	729	-	-
Depreciation of other tangible assets	666	678	184	118
Auditor's remuneration				
- for audit services	45	38	4	4
- for non-audit services	17	53	17	53

8. SURPLUS ON SALE OF FIXED ASSETS

	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Proceeds	937	813	-	-
Other income	22	10	-	-
Council clawback	(131)	(95)	-	-
Cost of sales, at cost or valuation	(408)	(390)	-	-
Other costs	(280)	(152)	-	-
	140	186	-	-

9. INTEREST RECEIVABLE AND OTHER INCOME

	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Interest from listed investments	28	21	-	-
Interest from other investments	3	9	-	-
	31	30	-	-

10. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Loans and bank overdrafts	9,314	8,964	-	-
Other charges	479	303	-	-
	9,793	9,267		
Capitalised interest	(824)	(1,215)	-	-
	8,969	8,052	-	-
Average capitalisation rate used to determine the amount of finance costs capitalised during the period	4.5%	4.6%	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES

	Group		Association	
Average monthly number of employees (full time equivalents)	**2011 No.**	**2010 No.**	**2011 No.**	**2010 No.**
Administration	61	58	61	58
Development	32	31	32	31
Housing, support and care	281	267	-	-
	374	356	93	89

Staff costs:	**2011 £'000**	**2010 £'000**	**2011 £'000**	**2010 £'000**
Wages and salaries	10,743	10,210	3,410	3,435
Social security costs	854	816	299	302
Other pension costs	1,092	1,037	334	397
	12,689	12,063	4,043	4,134

The Group's employees are members of the Wiltshire County Council Pension Fund (WCCPF), the Social Housing Pension Scheme (SHPS), the Pensions Trust Growth Plan or the Oxfordshire County Council Pension Fund (OCCPF). Further information on each scheme is given below and in the individual subsidiary financial statements.

(a) Wiltshire County Council Pension Fund - Scheme Closed by employer
One of the Group's subsidiaries, Westlea Housing Association, participates in the Wiltshire County Council Pension Fund, a multi-employer scheme with more than one participating employer.

The Wiltshire County Council Pension Fund is a defined benefit scheme, part of the local government Superannuation Regulation 1986 (as amended) and the calculations have been made by an independent qualified actuary. Triennial actuarial valuations have been made by a qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2007 and rolled forward, allowing for the different financial assumptions required under FRS 17, to 31 March 2011 by a qualified independent actuary.

The income and expenditure charge for pension costs, the accounting policies and the disclosures are given on the basis of Financial Reporting Standard 17.

Assumptions
The major assumptions used by the actuary in assessing the scheme liabilities on a FRS 17 basis were:

	31 March 2011 % Per Annum	31 March 2010 % Per Annum	31 March 2009 % Per Annum
Salary increases	5.1	5.3	4.6
Pension increases	2.8	3.8	3.1
Discount rate	5.5	5.5	6.9
Inflation	2.8	3.8	3.1

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

Mortality
Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.3 years	23.6 years
Future pensioners	23.3 years	25.5 years

Contributions
The contributions to the Wiltshire County Council Pension Fund by the Company for the year ended 31 March 2011 are shown below.

	2011 £'000	2010 £'000
Employer contributions	376	400

At 31 March 2011, 33 current employees were members of the scheme (2010: 34). The employers contribution rate for 2010/2011 was 31.4% of pensionable pay and is expected to be 32.1% for 2011/2012. The member's contribution rate varies between 5.5% and 7.5% according to earnings.

Analysis of the amount charged to operating surplus	**2011 £'000**	**2010 £'000**
Current service costs	294	189
Curtailment and settlements	-	-
Past service costs	-	-
Total operating charge	294	189

Analysis of the amount charged to other finance charges	**2011 £'000**	**2010 £'000**
Expected return on pension scheme assets	772	536
Interest on pension scheme liabilities	(1,076)	(897)
Net charge	(304)	(361)

Fair value of employer assets

	2011 £000	**2010 £000**
Equities	7,960	7,852
Bonds	2,291	1,769
Property	1,327	995
Cash	482	442
Total	12,060	11,058

Balance sheet

	2011 £'000	**2010 £'000**
Fair value of employer assets	12,060	11,058
Present value of funded liabilities	(16,952)	(21,193)
Net Liability	(4,892)	(10,135)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

Analysis of amount recognised in statement of total recognised surpluses and deficits

	2011 £'000	2010 £'000
Actual return less expected return on pension scheme assets	268	2,064
Actuarial gains/(losses) of the scheme liabilities	5,197	(7,445)
Actuarial gain/(loss) in pension plan	5,465	(5,381)

Included within the actuarial gain is £2,035,000 relating to the government's announcement on 22 June 2010 that future pensions increases would be linked to CPI as opposed to RPI. The association has recognised this amount in the Statement of Total Recognised Surpluses and Deficits in accordance with the Urgent Issues Task Force (UITF) Abstract 48, as the directors consider that no constructive obligation existed prior to the announcement to link such benefit increases to RPI. As such, the resulting gain has been accounted for as change in actuarial assumption.

Reconciliation of fair value of scheme liabilities

	2011 £'000	2010 £'000
Opening scheme liabilities	21,193	13,148
Current service costs	294	189
Interest cost	1,076	897
Contributions by members	80	84
Actuarial (gains)/losses	(3,162)	7,445
Past service gains	(2,035)	-
Estimated benefits paid	(494)	(570)
Closing scheme liabilities	16,952	21,193

Reconciliation of fair value of scheme assets

	2011 £'000	2010 £'000
Opening fair value of scheme assets	11,058	8,544
Expected return on assets	772	536
Contributions by members	80	84
Contributions by employers	376	400
Actuarial gains	268	2,064
Benefits paid	(494)	(570)
Closing fair value of scheme assets	12,060	11,058

Amounts for the current and previous four accounting periods

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Fair value of employer assets	12,060	11,058	8,544	11,280	12,144
Present value of defined benefit obligation	(16,952)	(21,193)	(13,148)	(13,737)	(16,272)
Deficit	(4,892)	(10,135)	(4,604)	(2,457)	(4,128)
Experience gains/ (losses) on assets	268	2,064	(3,292)	(1,564)	(182)
Experience gains/ (losses) on liabilities	5,197	(7,445)	1,252	3,139	(59)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

(b) Social Housing Pension Scheme (SHPS)

The group participates in SHPS (the Scheme). 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 (FS) with a 1/60th accrual rate, until 31 March 2007. From April 2007 there are three benefit structures available, namely:

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

From April 2010 there are a further two benefit structures available, namely:

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

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

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

The group has operated the final salary (FS) with a 1/60th accrual rate benefit structure for active members as at 31 March 2007. This does not reflect any benefit structure changes made from April 2010.

The group has operated the career average revalued earnings (CARE) with a 1/60th for new entrants from 1 April 2007. This does not reflect any benefit structure changes made from April 2010.

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

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

During the accounting period the group paid contributions at the rate of 12.9% (CARE) and 15.8% (FS). Member contributions varied between 5.0% and 9.9% depending on their age.

As at the balance sheet date there were 189 active members of the Scheme employed by the group. The annual pensionable payroll in respect of these members was £5.2 million. The group closed the FS Scheme to new entrants on 31 March 2007, but continues to offer membership of the CARE Scheme to its employees.

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared to liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
Valuation Discount rates	
- Pre retirement	7.8
- Non pensioner post retirement	6.2
- Pensioner post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension increases	
- Pre 88 GMP	0.0
- Post 88 GMP	2.8
- Excess over GMP	3.0

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

The valuation was carried out using the following demographic assumptions.

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1% pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa.

The long-term joint contribution rates that will apply from April 2010 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	17.8
Final salary with a 1/70th accrual rate	15.4
Career average revalued (CARE) earnings with a 1/60th accrual rate	14.9
Final salary with a 1/80th accrual rate	13.5
Career average revalued (CARE) earnings with a 1/80th accrual rate	11.9

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 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 SHPS.

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.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator is currently in the process of reviewing the recovery plan for SHPS in respect of the September 2008 valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

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

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

The group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for the group was £15.5 million and for the Association only £383,728.

(c) Pension Trust's Growth Plan

The group participates in the Pensions Trust's Growth Plan (the 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 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 Plan or by the purchase of an annuity.

The rules of the 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 Trustee commissions an actuarial valuation of the Plan every three 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.

The rules of the 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.

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 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.

The group paid contributions at a rate between 0% and 7% during the accounting period. Members paid contributions at the rate of between 3% and 5% during the accounting period. As at the balance sheet date there were 8 active members of the Plan employed by the group and none by the association. The group continues to offer membership of the Plan to its employees.

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

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

		%pa
-	Investment return pre retirement	7.6
-	Investment return post retirement	
	Active/deferreds	5.1
	Pensioners	5.6
-	Bonuses on accrued benefits	0.0
-	Rate of price inflation	3.2

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.

The Scheme Actuary has prepared a funding position update as at 30 September 2010. The market value of the Plan's assets at that date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £825 million. The valuation therefore revealed a shortfall of assets compared to the value of liabilities of £45 million, equivalent to a funding level of 95%.

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 (as at 30 September 2008) will be cleared within 10 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 8.4% per annum pre retirement and 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to the Pensions Regulator on 18 December 2009, as is required by the legislation.

The next full actuarial valuation will be carried out as at 30 September 2011.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

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.

The Group 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 2010. As of this date the estimated employer debt for the Group was £53,524 and for the Association £Nil.

(d) Oxfordshire County Council Pension Fund

As from 4 October 2010 one of the Group's subsidiaries, Oxford Citizens Housing Association, participates in the Oxfordshire County Council Pension Fund (OCCPF) a multi-employer scheme with more than one participating employer.

The OCCPF is a defined benefit scheme, administered by Oxfordshire County Council as part of the Local Government Superannuation Regulations 2007/08 (as amended). The most recent formal actuarial valuation was completed as at 4 October 2010 and rolled forward, allowing for the different financial assumptions required under FRS 17, to 31 March 2011 by a qualified independent actuary

The income and expenditure charge for pension costs, the accounting policies and the disclosures are given on the basis of Financial Reporting Standard 17.

Assumptions

The major assumptions used by the actuary in assessing the scheme liabilities on a FRS 17 basis were:

	31 March 2011 % Per Annum	4 October 2010 % Per Annum
Salary increases	5.0	4.8
Pension increases	2.7	2.8
Discount rate	5.5	5.0
Inflation	2.7	2.8

Mortality

Life expectancy is based on the S1PA Heavy tables allowing for medium cohort projection, with a minimum 1% improvement. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.1 years
Future pensioners	23.4 years	25.9 years

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

Contributions

The contributions to the Oxfordshire County Council Pension Fund by the association for the year ended 31 March 2011 are shown below.

	2011
	£'000
Employer contributions	14

At 31 March 2011, 6 current employees were members of the scheme (2010: Nil). The employer's contribution rate for 2010/2011 was 19.3% of pensionable pay and is expected to be 19.3% for 2011/2012. The member's contribution rate varies between 5.5% and 7.5% according to earnings.

Analysis of the amount charged to operating surplus	**2011**
	£'000
Current service costs	14
Curtailment and settlements	-
Past service costs	-
Total operating charge	14

Analysis of the amount charged to other finance charges	**2011**
	£'000
Expected return on pension scheme assets	15
Interest on pension scheme liabilities	(16)
Net charge	(1)

Fair value of employer assets	**31 March**
	2011
	£000
Equities	387
Gilts	49
Bonds	27
Property	32
Cash	16
Alternative Assets	27
Total	538

Balance sheet	**31 March**
	2011
	£000
Fair value of employer assets	538
Present value of funded liabilities	(624)
Net Liability	(86)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

11. EMPLOYEES *continued*

Analysis of amount recognised in statement of total recognised surpluses and deficits

	2011 £'000
Actual return less expected return on pension scheme assets	4
Changes in assumptions underlying the present value of the scheme liabilities	79
Actuarial gains in pension scheme	83

Reconciliation of fair value of scheme liabilities

	2011 £'000
Opening scheme liabilities	668
Current service costs	14
Interest cost	16
Contributions by members	5
Actuarial (gains)/losses	(79)
Closing scheme liabilities	624

Reconciliation of fair value of scheme assets	2011 £'000
Opening fair value of scheme assets	499
Expected return on assets	15
Contributions by members	5
Contributions by employers	14
Actuarial gains	5
Closing fair value of scheme assets	538

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

12. BOARD MEMBERS AND EXECUTIVE DIRECTORS

The Chairman of the Board received remuneration of £8,861 (2010: £10,000) during the year

Total remuneration paid to Board Members in respect of the year was:

	2011 Total £	2010 Total £
H Gardner	8,861	1,875
J Williamson	4,358	10,000
D Cash	1,708	3,750
D Day	188	2,250
B Fishlock	-	-
W Hall	3,750	3,750
J Holden	-	2,292
P McLaughlin	2,042	-
P Peckham	1,000	-
H Taylor Knox	2,767	1,875
E Thompson	1,875	-
M Audifferen	-	63
	26,549	25,855

Expenses paid during the year to board members amounted to £3,158 (2010: £9,269).

During the financial year the Group Audit Committee Chair D Line, and independent Group Audit Committee member M Laurie, received £3,188 (2010: £3,000) and £1,750 (2010: £1,021) respectively.

None of the Board members are members of the Social Housing Pension Scheme, the Wiltshire Pension Scheme or the Oxfordshire Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

12. BOARD MEMBERS AND EXECUTIVE DIRECTORS *continued*

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £127,035 (2010: £126,457).

	2011 **£'000**	**2010** **£'000**
Total aggregate remuneration paid to the Executive Directors was:		
Emoluments (including benefits in kind)	580	590
Pension contributions	97	88
	677	678

The emoluments of the Executive Directors were:

	Salary **£'000**	**Benefits in kind** **£'000**	**2011 Total** **£'000**	**2010 Total** **£'000**
Chief Executive				
D Ashmore	115	12	127	126
Group Director of Finance & IT				
T Jackson	88	9	97	97
Group Director of Corporate Services *				
L Whordley Hughes	67	7	74	87
Group Director of Development				
V O'Brien	88	9	97	97
Managing Director of OCHA				
A Smith	80	8	88	86
Managing Director of Westlea				
A Cornelius	88	9	97	97
	526	54	580	590

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. Employer pension contributions in the year were £18,103 (2010: £16,098). The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

* The Group Director of Corporate Service was on maternity leave from 18 January to 22 August 2010.

The Chief Executive, Group Director of Corporate Services, Group Director of Development, Managing Director of OCHA and Managing Director of Westlea are members of the Social Housing Pension Scheme. The Group Director of Finance & IT is a member of the Wiltshire County Council Pension Scheme. The pension contribution reflects the fact that the scheme is effectively closed to new joiners.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

13. TAX ON SURPLUS ON ORDINARY ACTIVITIES FOR THE PERIOD

(a) Analysis of tax charge in period

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current tax				
UK corporation tax on surpluses for the period	87	18	-	-
Adjustments in respect of prior periods	-	-	-	-
Tax charge on surplus on ordinary activities	87	18	-	-

(b) Factors affecting the tax charge for the period

The tax assessed for the period differs to the standard rate of corporation tax in the UK, as explained below:

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Surplus for the year before tax	2,261	2,088	-	-
Theoretical tax of 28% (2010: 28%)	633	585	-	-
Effects of:				
Surpluses arising in charity	(546)	(567)	-	-
Adjustments in respect of prior periods		-	-	-
Current tax charge for the period	87	18	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

14. TANGIBLE FIXED ASSET PROPERTIES

Group	Social housing properties held for letting	Non-Social housing properties held for letting	Lettings leasehold	Social housing properties under construction	Shared ownership properties held for letting	Shared ownership properties under construction	Total
Cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2010	312,150	3,545	699	23,482	28,398	1,589	369,863
Additions	1,270	287	-	23,338	448	1,315	26,658
Works to existing properties	1,178	-	-	-	-	-	1,178
Interest capitalised	-	-	-	785	-	41	826
Transfers	110	-	-	429	(110)	(429)	-
Schemes completed	10,135	-	-	(10,135)	2,025	(2,025)	-
Disposals	(153)	-	-	-	(486)	-	(639)
Valuation adjustment	(18,375)	(42)	-	-	(2,870)	-	(21,287)
At 31 March 2011	306,315	3,790	699	37,899	27,405	491	376,599
Depreciation and impairment							
At 1 April 2010	897	-	315	-	211	204	1,627
Charged/(released) in year	2,870	-	14	-	253	(155)	2,982
Valuation adjustment	(1,773)	-	-	-	(347)	-	(2,120)
Disposals	(7)	-	-	-	(5)	-	(12)
At 31 March 2011	1,987	-	329	-	112	49	2,477
Social Housing and other grants							
At 1 April 2010	15,668	-	28	6,940	1,604	790	25,030
Additions	811	-	-	11,529	-	679	13,019
Transfers	-	-	-	-	(42)	-	(42)
Schemes completed	3,080	-	-	(3,080)	1,469	(1,469)	-
Valuation adjustment	(16,602)	-	-	-	(2,523)	-	(19,125)
Disposals		-	-	-	(15)	-	(15)
At 31 March 2011	2,957	-	28	15,389	493	-	18,867
Net book value							
At 31 March 2011	301,371	3,790	342	22,510	26,800	442	355,255
At 31 March 2010	295,585	3,545	356	16,542	26,583	595	343,206

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

14. TANGIBLE FIXED ASSETS - PROPERTIES *continued*

The Group's completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH), including notional directly attributable acquisition costs. OCHA's housing properties are held at an interim Directors valuation, details of which can be found in that companies financial statements. The Group's properties were last valued by professional external valuers at 31 March 2008 and 2010.

Further information is given below and in the individual subsidiary financial statements.

The last full valuations were undertaken in accordance with the RICS Appraisal and Valuation Standards, using discounted cash flow methodology and the following key assumptions:-

Discount rate (real)	4.75% to 6%
Annual inflation rate	2.5%
Level of annual rent increase	3.0%

In addition, the Group owns 32 market-renting properties, which have been valued by the directors on an open market value basis. These properties were last subject to an external valuation at 31 March 2010, which was performed by Savills LLP, Chartered Surveyors, on an open market value basis, assuming vacant possession.

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less SHG and depreciation is as follows:

	Group		Association	
	2011	2010	2010	2009
	£ '000	£ '000	£ '000	£ '000
Historical cost	382,153	353,944	-	-
Social housing grant	(151,658)	(138,725)	-	-
Other capital grants	(1,053)	(1,023)	-	-
Depreciation and impairment	(14,846)	(12,939)	-	-
	214,596	201,257	-	-

	Group		Association	
Social housing grant	**2011**	**2010**	**2011**	**2010**
	£ '000	£ '000	£ '000	£ '000
Total accumulated SHG receivable at 31 March was:				
Capital grants	153,367	143,441	-	-

Expenditure on works to existing properties:

	Group		Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Amount capitalised	1,178	616	-	-
Amounts charged to income and expenditure account	1,597	1,422	-	-
	2,775	2,038	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

14. TANGIBLE FIXED ASSETS - PROPERTIES *continued*

Housing properties book value, net of depreciation and grant paid comprises:

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Freehold land and buildings	353,773	341,940	-	-
Long leasehold land and buildings	913	969	-	-
Short leasehold land and buildings	569	297	-	-
	355,255	343,206	-	-

15. TANGIBLE FIXED ASSETS – OTHER

Group	Freehold offices £'000	Office equipment and fittings £'000	Computers £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2010	4,839	2,259	3,019	906	11,023
Additions	-	137	244	314	695
Disposals	-	(80)	(5)	(93)	(178)
At 31 March 2011	4,839	2,316	3,258	1,127	11,540
Depreciation					
At 1 April 2010	987	1,671	2,020	642	5,320
Charged in year	68	215	259	124	666
Disposals	-	(79)	(5)	(93)	(177)
At 31 March 2011	1,055	1,807	2,274	673	5,809
Net book value					
At 31 March 2011	3,784	509	984	454	5,731
At 31 March 2010	3,852	588	999	264	5,703

Association	Office equipment and fittings £'000	Computers £'000	Total £'000
Cost			
At 1 April 2010	279	397	676
Additions	0	182	182
At 31 March 2011	279	579	858
Depreciation			
At 1 April 2010	70	77	147
Charged in year	64	120	184
At 31 March 2011	134	197	331
Net book value			
At 31 March 2011	145	382	527
At 31 March 2010	209	320	529

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

16. FIXED ASSET INVESTMENTS

	2011	2010
	£	£
Shares in Group undertakings at 31 March	14	14

The Association owns issued share capital of the following companies incorporated and registered in England:

Company	Type of Share	% Held	Principal Activity
Oxford Citizens Housing Association	Ordinary £1	100%	Registered Social Landlord
Westlea Housing Association	Ordinary £1	100%	Registered Social Landlord
Oakus Estates Ltd	Ordinary £1	75% (a)	Commercial letting
Tidestone Ltd	Ordinary £1	100% (b)	Housing construction

(a) The remaining 25% is held by other group companies.
(b) Shares held by Westlea Housing Association.

17. STOCKS

	Group		Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Raw materials and consumables	190	112	-	-
Work in progress	931	1,582	-	-
Shared ownership properties:			-	-
Properties under construction	108	362	-	-
Completed properties	216	531	-	-
	1,445	2,587	-	-

18. DEBTORS

	Group		Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	2,341	2,696	-	-
Less: provision for bad and doubtful debts	(1,483)	(1,533)	-	-
	858	1,163	-	-
Due from subsidiary undertakings	-	-	403	439
Capital grants receivable	179	1,607	-	-
Other debtors	1,188	1,128	184	4
Prepayments and accrued income	633	618	246	250
	2,858	4,516	833	693

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

19. CURRENT ASSET INVESTMENTS

	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Short term deposits	956	4,166	-	-
Investments listed on a recognised stock exchange	441	415	-	-
	1,397	4,581	-	-

The listed investments are held at market value. The historical cost of these investments at 31 March 2011 was £402,441 (2010: £372,781).

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Loans (note 22)	769	758	-	-
Bank overdraft	194	-	-	-
Trade creditors	3,882	2,782	-	-
Amount due to subsidiary undertaking	-	-	1,081	1,105
Rent and service charges received in advance	845	902	-	-
Social Housing Grant received in advance	-	-	-	-
Recycled capital grant fund (note 23)	106	64	-	-
Corporation tax	87	18	-	-
Other taxation and social security	224	169	-	-
Other creditors	2,177	2,220	-	-
Accruals and deferred income	3,372	2,200	246	117
	11,656	9,113	1,327	1,222

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

	Group		Association	
	2011	**2010**	**2011**	**2010**
Due after more than one year	**£'000**	**£'000**	**£'000**	**£'000**
Loans (note 22)	211,015	210,067	-	-
Recycled capital grant fund (note 23)	21	40	-	-
Sinking funds for leasehold schemes	254	212	-	-
Loan stock	5	5	-	-
Other long term creditors	5	5	-	-
	211,300	210,329	-	-

The bank loans are repayable by instalments, with the final instalments due to be paid in the period to 2042. At the year end, the Group had fixed approximately 86% of its debt at an average interest rate of 4.8%, with the remaining floating debt at an average interest rate of 2.7%.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR *continued*

Loans are stated after the deduction of £1,286,000 (2010: £1,013,000) of issue costs which are amortised over the expected life of the loan.

Major repairs sinking funds are maintained for several leasehold estates to provide for repairs of a long term nature. Residents contribute through the service charge.

Housing loans from Orchardbrook Ltd (former Housing Corporation loans), local authorities, building societies and banks are secured by floating charges over the assets of the Group, and by fixed charges on individual properties and are repayable at varying rates of interest in instalments due as follows:

22. LOAN ANALYSIS

	Group		Association	
	2011	**2010**	**2011**	**2010**
Loans are repayable as follows:	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	769	758	-	-
Between one and two years	1,400	769	-	-
Between two and five years	4,941	3,941	-	-
After five years	204,674	205,357	-	-
	211,784	210,825	-	-

23. RECYCLED CAPITAL GRANT FUND

Group	**2011**	**2010**
	£'000	**£'000**
At 1 April 2010	104	60
Grants recycled	66	43
Interest accrued		1
Combined with allocations of SHG	(43)	-
Balance at 31 March 2011	127	104

24. PROVISIONS FOR LIABILITIES AND CHARGES

Group	**Restructuring**	**Properties**	**Total**
	£'000	**£'000**	**£'000**
At 1 April 2010	-	21	21
Provided in the year	134	-	134
Released in the year	-	(8)	(8)
At 31 March 2011	134	13	147

The restructuring provision is in respect of redundancy costs as a result of organisational changes. The provision is expected to be fully utilised by 31 March 2012.

The property provision arises in respect of residual lease commitments. The average cost of dilapidation repairs have been spread over the remaining period of the leases.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

24. PROVISIONS FOR LIABILITIES AND CHARGES *continued*

Association	Restructuring £'000	Total £'000
At 1 April 2010	-	-
Provided in the year	33	33
At 31 March 2011	33	33

25. NON-EQUITY SHARE CAPITAL

Association	2011 £	2010 £
Shares of £1 each issued and fully paid		
At 1 April	9	9
Shares issued during the year	-	-
At 31 March	9	9

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

26. RESERVES

Group

	Hunts Close Designated Reserve £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 April 2010	48	109,294	23,373	132,715
Surplus for the year	-	-	2,174	2,174
Actuarial surplus relating to pension scheme	-	-	5,548	5,548
Revaluation adjustments	-	(45)	-	(45)
Transfers	(2)	(1,146)	1,148	-
At 31 March 2011	46	108,103	32,243	140,392

Association	Revenue Reserve £'000	Total £'000
At 1 April 2010	-	-
Surplus for the year	-	-
At 31 March 2011	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

27. FINANCIAL COMMITMENTS

Group and Association

Capital expenditure commitments are as follows:	2011 £'000	2010 £'000
Expenditure contracted for but not provided in the accounts	47,494	33,854
Expenditure authorised by the Board, but not contracted	41,575	43,289
	89,069	77,143

It is anticipated that the above commitments will be financed through borrowings which are available under existing loan arrangements, and through social housing grant.

Operating leases

The payments which the Group is committed to make in the next year under operating leases are as follows:

	2011 £'000	2010 £'000
Temporary housing and vehicle leases expiring:		
Within one year	110	278
One to five years	917	860
	1,027	1,138

28. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Group	2011 £'000	2010 £'000
Operating surplus	11,363	10,285
Depreciation and impairment of tangible fixed assets	3,656	3,905
Pensions operating charge	308	189
Pensions contributions paid	(390)	(400)
	14,937	13,979
Working capital movements		
Stock decrease	1,166	1,553
Debtors decrease/(increase)	2,451	(106)
Creditors decrease	(369)	(1,175)
Net cash inflow from operating activities	18,185	14,251

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

Group	2011 £'000	2010 £'000
Increase/(decrease) in cash	67	(767)
Cash inflow from decrease in liquid resources	(3,181)	(3,008)
Cash inflow from increase in debt	(1,232)	(16,266)
Non cash movements	270	422
Change in net debt from cash flows	(4,076)	(19,619)
Net debt at 1 April	(204,529)	(184,910)
Net debt at 31 March	(208,605)	(204,529)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

30. ANALYSIS OF NET DEBT

Group	1 April 2010 £'000	Cash flow £'000	Non cash movement £'000	31 March 2011 £'000
Cash at bank and in hand	1,720	67	-	1,787
Current asset investment	4,581	(3,181)	(3)	1,397
	6,301	(3,114)	(3)	3,184
Loans	(210,825)	(1,232)	273	(211,784)
Loan stock	(5)	-	-	(5)
Changes in debt	(210,830)	(1,232)	273	(211,789)
Changes in net debt	(204,529)	(4,346)	270	(208,605)

31. RELATED PARTIES

There were two tenant members of the Group Board during the year, E Thompson (from 14 September 2010) and I Williams (to 14 September 2010). Their tenancies are on normal commercial terms and the tenant board members are not able to use their position to their advantage.

Transactions/balances with Oakus Estates Limited
GreenSquare Group Ltd (GreenSquare) owns 75% of the ordinary share capital of Oakus Estates Limited (Oakus).

During the year GreenSquare sold goods and services to Oakus with a value of £132,977 (2010: £176,133). At 31 March 2011 there were sums outstanding from Oakus of £381,424 (2010: £248,447), and these amounts are disclosed in notes 18 as appropriate.

32. POST BALANCE SHEET EVENT

On 19 July one of the Group's subsidiaries, Oakus Estates Ltd (OEL) acquired 100% of the share capital of GW Sparrow & Co Limited, a gas servicing and installation company for £1.5million. All the assets and liabilities were transferred into OEL and it became a wholly owned subsidiary company of the group.

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