



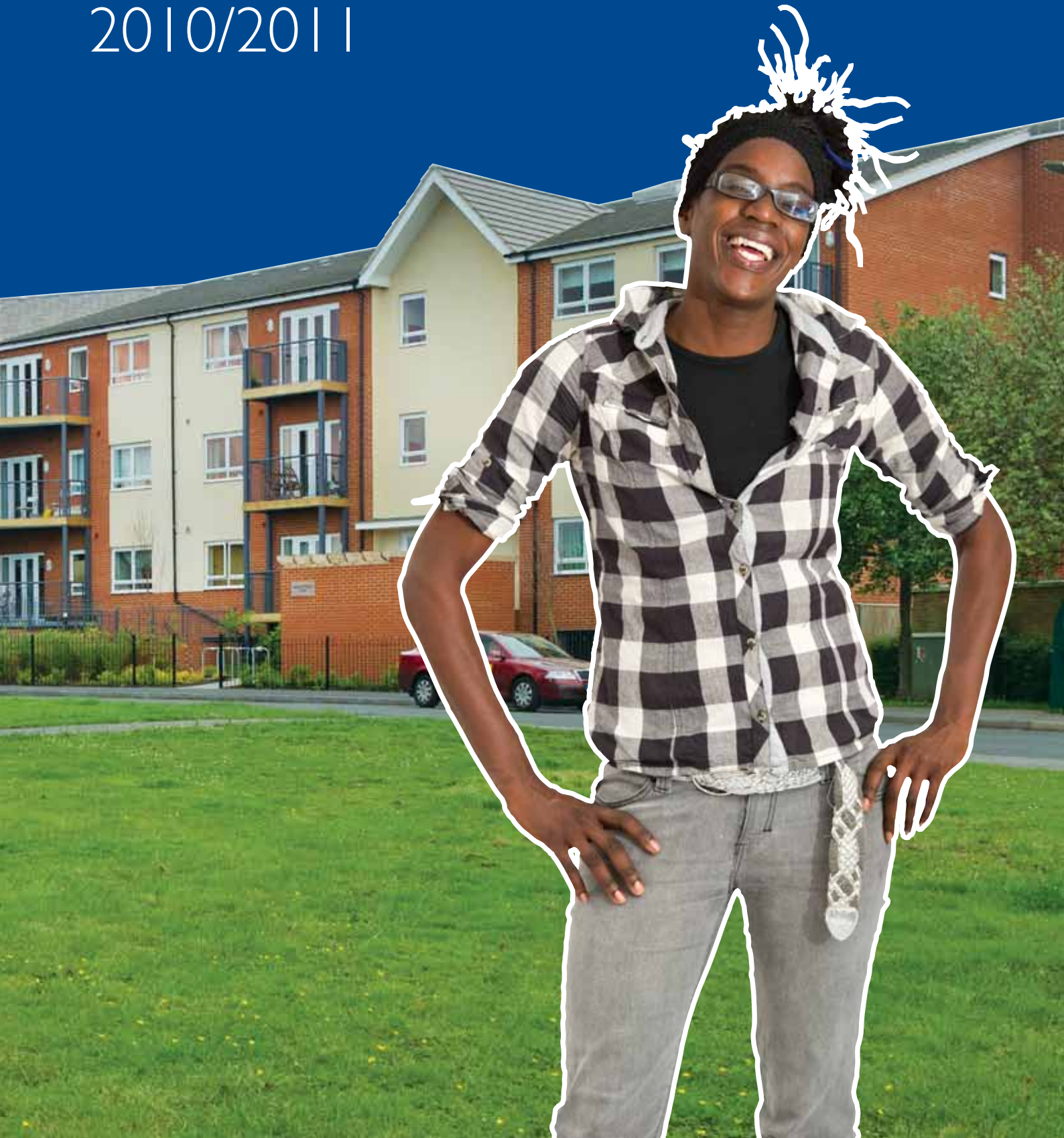
Oxford Citizens Housing Association

PART OF



GreenSquare

# Report and Financial Statements 2010/2011





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# **OXFORD CITIZENS HOUSING ASSOCIATION LIMITED**

## **FINANCIAL STATEMENTS**

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**◆ Year Ended 31 March 2011 ◆**

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## **BOARD MEMBERS, DIRECTORS, ADVISORS AND BANKERS**

### **Board**

Chair	Ms Alice Copping
Vice Chair	Mr Derek Day
Other Members	Ms Sue Brownill Mr Stephen Butcher Dr Chris Cornforth Ms Sherri DesBaux Ms Nickie Harrison Ms Philippa Lowe Ms Anna Mabile (from 14 September 2010) Mr Steven Peachey Ms Eleanor Thompson Mr John Jackson (to 20 July 2010)
Managing Director	Andrew Smith

### **Secretary**

Lisa Whordley Hughes

### **Registered office**

244 Barns Road  
Oxford  
Oxon, OX4 3RW  
[www.ocha.org.uk](http://www.ocha.org.uk)

### **Registered number**

Registered as a charitable social landlord under the Industrial and Provident Societies Acts, No: 12305R

Registered by the Tenant Services Authority, No: L0893

### **Auditors**

Grant Thornton UK LLP  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6FT

### **Principal bankers**

LloydsTSB Bank PLC  
1 High Street  
Oxford OX1 4AA

## **REPORT OF THE MANAGEMENT BOARD**

The Board presents its report and audited financial statements for the year ended 31 March 2011.

### **Principal activities**

Oxford Citizens Housing Association Limited ('the Association') is a not-for-profit organisation administered by a management Board and involved in the provision and management of affordable rented accommodation. The Association operates throughout Oxfordshire from its head office in Oxford.

Oxford Citizens Housing Association Ltd is a subsidiary of GreenSquare Group Limited (GreenSquare). GreenSquare is a non asset holding Industrial and Provident Society, registered with the Tenant Services Authority (TSA) as a social landlord.

The GreenSquare group aims to be 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 Association's performance for the year and future plans are set out in the Operating and Financial Review that follows this Board report.

During the year the Association 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. Under the requirements of Financial Reporting Standard (FRS) 17 the transferred pension fund liability is disclosed in the financial statements and detailed in note 10.

### **Housing property assets**

Details of changes to the Association's fixed assets are shown in notes 12 and 13 to the financial statements.

In total the Association spent £3.7million on the acquisition and development of housing properties, financed through grants of £1.5million, first tranche sales of £1.1million and internal financing of £1.1million.

### **Reserves**

The surplus for the year after transfers was £1.5million (2010:£1.4million), increasing the Association reserves to £35.1million (2010:£33.4million).

### **Efficiency**

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

### **Tenant involvement**

We actively encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement. This ranges from a Resident Scrutiny Panel with places for five OCHA residents, four places for tenant Board members and over 200 tenants being actively involved in our Citizens Panel.

## **REPORT OF THE MANAGEMENT BOARD *continued***

### **Employees**

The strength of the Association lies in the quality and commitment of its employees.

The Association's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of employees throughout the Association.

The Association is committed to employing effective and competent staff in order to provide the best possible service to residents and other stakeholders. The Association has been accredited with the Investors in People award since 1997 and in March 2009 met all standards, scoring top marks in the areas of management basics, positive moral, organisational development and having a pre-emptive approach to performance.

The Association is committed to equal opportunities for all its employees, and embraced the Code of Practice on Race Equality arising from the Race and Housing Inquiry Challenge Report 2000 and is a recognised Age Positive Champion and Positive about Disabled People (Two Ticks) organisation. The Association continues to invest in staff training and development and has improved systems of appraisal and performance management.

### **Board members and executive directors**

Those Board members who served during the period and the Association'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 has provided a range of central services – governance, finance, development, human resources and information technology – to the Association, under the scope of an intra group agreement. The Chief Executive and the Group Director 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 will attend meetings of the Board as appropriate but are not members.

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

The Association 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 members and is responsible for the Association's strategy and policy framework and managing the affairs of the Association.

The Board delegated the day-to-day management and implementation of that framework (via the Intra Group Agreement) to the Group Chief Executive and other members of the Group's executive team although responsibility for implementation remains with the Association's Managing Director. The Association's Managing Director is a member of the Group's executive team.

### ***Board Membership***

Under the terms of the Intra Group Agreement, the GreenSquare Group membership committee has nomination rights over the appointment of the Association's Board members. Independent and Resident members are selected by a panel of Board members (including the Chair and the Group Chief Executive) following advertisement for recruitment.

### ***Remuneration policy***

The GreenSquare remuneration committee, comprising the Chair and a minimum of two other Board members, is responsible for setting the Association'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.

## **REPORT OF THE MANAGEMENT BOARD *continued***

### ***Service contracts***

The Managing Director is employed on the same terms as other senior managers - their notice periods are three months.

### ***Other benefits***

The Managing Director is entitled to cash allowance in lieu of a company car.

### **Health and safety**

The Board is aware of its responsibilities on all matters relating to health and safety. The Association has prepared detailed health and safety policies and provides board and staff training and education on health and safety matters.

### **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 control assurance**

The Board acknowledges its overall responsibility 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.

Key elements of the control framework include:

- Board approved terms of reference, including a detailed intra group agreement with its parent company, GreenSquare Group Limited, 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 whistle-blowing and anti-theft and corruption policies;
- detailed policies and procedures in each area of the Association's work;
- 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.

## **REPORT OF THE MANAGEMENT BOARD *continued***

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 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.

### **Statement of the responsibilities of the 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 that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 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 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 SORP: '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.

### **Going concern**

The Association'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 Association has in place long-term debt facilities (including £29.5 million of undrawn facilities at 31 March 2011), which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association 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.

## **REPORT OF THE MANAGEMENT BOARD *continued***

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 20 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
- 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:



**Alice Copping**  
Chair

**OPERATING AND FINANCIAL REVIEW - HIGHLIGHTS - FIVE YEAR SUMMARY**

For the year ended 31 March	2011	2010	2009	2008	2007
				Restated	Restated
<b>Income and Expenditure account (£'000)</b>					
Total turnover	15,620	15,586	16,567	17,329	20,131
Income from lettings	14,302	14,401	14,527	15,077	16,490
Operating surplus	4,202	3,502	3,007	2,650	3,749
Surplus for the year before transfers	1,547	1,368	715	1,157	2,324
<b>Balance Sheet (£'000)</b>					
Housing properties, net of depreciation	112,497	110,058	81,757	73,974	123,778
SHG and other capital grants	19,410	17,944	7,003	2,971	73,479
Housing properties net of capital grants and depreciation	93,087	92,114	74,754	71,003	50,299
Net current assets	288	234	2,738	288	1,095
Loans (due over one year)	59,610	60,366	47,075	41,245	36,824
Net pension liability	86	-	-	-	-
Reserves : designated	46	48	51	52	8,149
: revenue	23,913	22,202	20,752	19,957	7,870
: revaluation	11,094	11,176	11,188	11,390	44
: total	35,053	33,426	31,991	31,399	16,063
<b>Accommodation figures</b>					
Total housing stock managed at year end (number of units):	2,853	2,869	2,706	2,733	2,795
In development	28	42	163	249	126
<b>Statistics</b>					
Operating surplus for the year as % of turnover	26.9%	22.5%	18.2%	15.3%	18.6%
Operating surplus for the year as % of income from lettings	29.4%	24.3%	20.7%	17.5%	22.7%
General needs stock:-					
Void rent losses ( <i>voids as % of net rent and service charges receivable</i> )	0.31%	0.33%	0.34%	0.36%	0.37%
Current rent arrears ( <i>gross arrears as % of net rent and service charges receivable</i> )	2.90%	4.39%	6.36%	6.25%	7.29%
Interest cover ( <i>surplus before interest payable and property depreciation divided by interest payable and capitalised interest</i> )	1.86	1.87	1.79	1.62	1.89
Liquidity ( <i>current assets divided by current liabilities</i> )	1.08	1.06	1.80	1.05	1.39
Gearing ( <i>total loans as % of capital grants plus reserves excluding revaluation</i> )	51.45%	53.57%	46.74%	43.28%	41.62%

The results for 2005 to 2008 were restated to reflect the introduction of the 2008 Statement of Recommended Practice.

## **OPERATING AND FINANCIAL REVIEW**

### **Activities**

Oxford Citizens Housing Association is a charitable, not-for-profit organisation providing affordable housing across Oxfordshire.

The Association operates four 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 2,800 properties, the Association is a developer of new affordable housing in the area and works in strategic development partnership within the GreenSquare Group.

### **Government and regulatory changes**

Changes in government policy or new legislation could have 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.

The aim of reducing households living in temporary accommodation is also having an impact on the shape of the Association. Temporary housing stock reduced by 42% during the year. We expect the number of temporary stock homes to continue to reduce.

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 accountability 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.

### **Objectives and strategy**

The Association'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 tenants and other stakeholders and achievement of Association objectives will also depend on successful implementation of a range of techniques to increase efficiency.

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

## **Performance and development**

### ***Finance***

The Board agrees targets each year that are designed to manage development and deliver continuous service improvement.

We are pleased to report the Association made a surplus of £1.5million for the year (2010:£1.4m). Our financial performance has meant we have met lenders' covenants.

The Association had net current assets of £0.3million and manages its working capital around the loan facility. As at 31 March 2011, £29.5 million was available for drawdown against the current value of charged housing properties.

The net worth of the Association increased to £35.1million (2010:£33.4m) including a revaluation reserve of £11.1million (2010:£11.2m).

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

### ***Development***

We achieved our development targets with 43 new homes transferred into management during the year. This enabled us to meet the development requirements of the HCA Programme during the year.

The development of the major regeneration project at Rose Hill is nearly complete. This complete redevelopment in conjunction with our HCA and Local Authority partners constitutes OCHA's largest ever investment in new affordable housing at £10.2million.

### ***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 £3.4million (2010: £3.4million) for the year, including £1.1million (2010: £1.1million) for major repairs, which have been financed principally from internally generated funds.

### ***Customer service***

Our performance against financial performance indicators is set out on page 7 and summarised below.

#### ***General needs rent losses from voids***

Our target for the year was to keep general needs rent losses below 0.35% of rental income receivable. We met this with rent losses of 0.31% (2010: 0.33%).

#### ***General needs current rent arrears***

We are pleased that our active management has meant that general needs current rent arrears have fallen to 2.90% (2010: 4.39%) which significantly beats our target of 4.35%.

#### ***Repair response times***

Performance against this key indicator has a direct impact on the Association's service to its customers and we are pleased to report top quartile performance in our routine repairs service, meeting target response times as shown below.

- Routine: target 98.1% of jobs completed within 10 days; actual: 97.1% (2010: 96.9%)

Note: our target of 10 days significantly exceeds the 28 day key performance indicator that most Associations still have.

## **OPERATING AND FINANCIAL REVIEW *continued***

### ***Staff turnover***

The Board recognises that the success of our business depends on the quality of our managers and staff. In any organisation some staff changes are inevitable; however a high level of staff turnover leads to increased recruitment costs, lower productivity, lower morale and reduced internal controls assurance during the changeover period.

Our target for staff turnover, calculated as number of leavers in the year divided by the permanent staff headcount at the end of the year, is no more than 17.1%. For 2010/2011 our staff turnover of 8.6% (2010:18.9%) beat this target.

### **Risks and uncertainties**

The main risks that may prevent the Association achieving its objectives are considered and reviewed annually 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 Association, are reported to the audit committee quarterly 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.

### **Financial position**

The income and expenditure account and balance sheet are summarised on page 7 and the following paragraphs highlight key features of the Association's financial position at 31 March 2011:

#### ***Accounting policies***

The Association's principal accounting policies are set out on pages 17 to 19 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 Association managed 2,853 housing properties (2010: 2,869). The properties were carried in the balance sheet at EUV-SH, of £93.1million (2010: £92.1million).

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 Association's treasury management arrangements are considered below.

#### ***Pension costs***

The Association participates in two pension schemes, the Social Housing Pension Scheme (SHPS) 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. 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 OCCPF is a final salary scheme. The Association has contributed to the schemes in accordance with the levels set by the actuaries of between 12.9% and 15.8% for SHPS and 19.3% for OCCPF.

#### ***Capital structure and treasury policy***

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

The Association did not make any further borrowings during the year. At year end, loans amounted to £60.4million of which £0.8million falls due to be paid within the next year as shown in note 18 to the audited financial statements.

The trend information on page 7 shows that gearing, calculated as total loans as a percentage of capital grants and reserves, had decreased to 51.45% by 31 March 2011 (2010: 53.57%). The Association borrows and lends only in sterling and is not exposed to currency risk.

## **OPERATING AND FINANCIAL REVIEW *continued***

### ***Cashflows***

Cash inflows and outflows during the year are shown in the cash flow statement (page 16). At the year end, the Association's current assets included £1.4million (2010: £1.7million) 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.

A key influence on the timing of borrowings is the rate at which development activity takes place. The Board has approved plans to spend £30.0million during the next few financial years to develop general needs and shared ownership accommodation in the Oxford area.

Undrawn loan facilities of £29.5million are available under existing arrangements.

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).



**Andrew Smith**  
**Managing Director**  
**19 July 2011**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD CITIZENS HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Oxford Citizens Housing Association for the year ended 31 March 2011 which comprise the income and expenditure account, the statement of total recognised surpluses and deficits, the statement of historical cost surpluses and deficits, the reconciliation of movements in association's funds, the balance sheet, the 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 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](http://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 association's affairs as at 31 March 2011 and of the 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**

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

	<b>Note</b>	<b>2011</b> <b>£'000</b>	<b>2010</b> <b>£'000</b>
<b>Turnover: continuing activities</b>	3	15,620	15,586
<b>Operating costs</b>	3	(11,418)	(12,084)
<b>Operating surplus: continuing activities</b>	3,6	4,202	3,502
Surplus on sale of assets	7	142	186
Interest receivable and other income	8	8	25
Interest payable and similar charges	9	(2,805)	(2,345)
<b>Surplus for the financial year</b>	24	1,547	1,368

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

	<b>Note</b>	<b>2011</b> <b>£'000</b>	<b>2010</b> <b>£'000</b>
Surplus for the financial year		1,547	1,368
Unrealised (deficit)/surplus on revaluation of investments	24	(3)	67
Actuarial surplus relating to the pension scheme	10	83	-
<b>Total recognised surpluses since the last report</b>		1,627	1,435

The notes on pages 17 to 40 form an integral part of these Financial Statements.

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

	<b>Note</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Reported surplus for the financial year		1,547	1,368
Excess depreciation charge over historical cost depreciation		79	79
		<hr/>	<hr/>
Historical cost surplus on ordinary activities		1,626	1,447
		<hr/> <hr/>	<hr/> <hr/>
Historical cost retained surplus for the year		1,626	1,447
		<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF MOVEMENTS IN ASSOCIATION'S FUNDS  
for the year ended 31 March 2011**

	<b>Note</b>	<b>£'000</b>
Opening total funds as at 1 April 2010		33,426
Total recognised surplus relating to the year		1,627
		<hr/>
<b>Closing total funds</b>		<b>35,053</b>
		<hr/> <hr/>

The accompanying accounting policies and notes form an integral part of these financial statements.

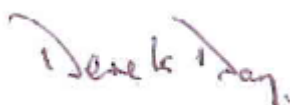
**BALANCE SHEET**  
**at 31 March 2011**

	Note	2011 £'000	2010 £'000
<b>Tangible fixed assets</b>			
Housing properties	12	93,087	92,114
Other tangible fixed assets	13	1,542	1,527
		<u>94,629</u>	<u>93,641</u>
Fixed asset investments	14	200	200
		<u>94,829</u>	<u>93,841</u>
<b>Current assets</b>			
Stock	15	126	213
Debtors	16	1,750	1,836
Investments	17	441	415
Cash at bank		1,391	1,703
		<u>3,708</u>	<u>4,167</u>
<b>Creditors: amounts falling due within one year</b>	18	(3,420)	(3,933)
		<u>288</u>	<u>234</u>
<b>Total assets less current liabilities</b>		<u>95,117</u>	<u>94,075</u>
<b>Creditors: amounts falling due after more than one year</b>			
	19	59,895	60,628
<b>Provisions for liabilities and charges</b>	22	83	21
<b>Net pension liability</b>	10	86	-
		<u>60,064</u>	<u>60,649</u>
<b>Capital and reserves</b>			
Non-equity share capital	23	-	-
Designated reserves	24	46	48
Revaluation reserve	24	11,094	11,176
Revenue reserve	24	23,913	22,202
		<u>35,053</u>	<u>33,426</u>
<b>Association's funds</b>	24	35,053	33,426
		<u>95,117</u>	<u>94,075</u>

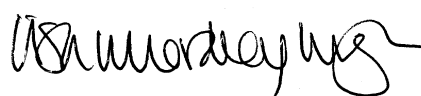
The financial statements were approved by the Board on 19 July 2011 and signed on its behalf by:



Alice Copping  
Chair



Derek Day  
Vice Chair



Lisa Whordley Hughes  
Company Secretary

The accompanying accounting policies and notes form an integral part of these financial statements.

**CASH FLOW STATEMENT**  
 for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Net cash inflow from operating activities</b>	26	5,349	6,632
<b>Returns on investments and servicing of finance</b>			
Interest received and similar income		8	25
Interest paid		(2,811)	(2,527)
<b>Net cash outflow from returns on investment and servicing of finance</b>		(2,803)	(2,502)
<b>Capital expenditure</b>			
Purchase and construction of housing properties		(3,583)	(29,752)
Social housing grant received		1,510	10,884
Purchase of other fixed assets		(130)	(63)
Sales of housing properties		118	153
Sales of investments		24	33
<b>Net cash outflow from investing activities</b>		(2,061)	(18,745)
<b>Net cash inflow/(outflow) before liquid resources and financing</b>		485	(14,615)
<b>Management of liquid resources</b>			
Cash invested in investments	28	(30)	(20)
<b>Financing</b>			
Loans received		-	14,500
Loan repayments		(767)	(593)
	28	(767)	13,907
<b>Decrease in cash</b>	28	(312)	(728)

The accompanying accounting policies and notes form an integral part of these financial statements.

## **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 Tenants Services Authority as a social landlord.

#### **2 ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Principles (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.

##### **Turnover**

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, revenue from grants receivable 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, including issue costs, is allocated at a constant rate on the carrying amount over the period of the borrowing. 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.

##### **Pensions**

The Association participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS'), the Pension Trust's Growth Plan ('PTGP') 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 contribution payable to the schemes for the accounting period.

For the 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 grants and other revenue grants are claimed by the Association as owner of the property. The grants are included in the income and expenditure account and balance sheet of the Association. The treatment of other income and expenditure in respect of supported housing projects depends on whether the Association carries the financial risk.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **31 March 2011**

Where the Association carries the financial risk, for example, for losses from voids and arrears, all the project's income and expenditure is included in the Association's income and expenditure account (see note 3).

Where the agency carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Association. Other income and expenditure of projects in this category is excluded from the Association's income and expenditure account.

#### **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 Association charged 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 Association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

#### **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 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.

#### **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. 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. Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their estimated useful economic lives in the business. The Association's housing properties are depreciated at the following annual rates:

## NOTES TO THE FINANCIAL STATEMENTS

### 31 March 2011

Houses and flats	1.33% pa
Sheltered schemes	2.00% pa

#### 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. Any such write down would be charged to operating costs unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised surpluses and deficits.

#### Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Only fixed assets costing in excess of £500 are capitalised. Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets at the following annual rates:

Office equipment	25%
Computer equipment	20%-25%
Motor vehicles	14½%
Freehold office buildings	2%
Office improvements	12½%
Service charge equipment	10%-33%

#### Current Asset Investments

Current asset 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.

#### 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.

#### Reserves

The Association establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where their reserves are earmarked for a particular purpose.

#### *Recycled capital grant fund*

The Association recycles Social Housing Grant where a property, previously in receipt of Social Housing Grant, has been sold. When the fund is utilised the accounting treatment follows that prescribed for Social Housing Grant.

#### *Hunts Close Reserve*

Following the transfer of the assets and liabilities from Oxfordshire Charitable Housing Trust, the Association 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) and market value of investments and the historical cost carrying value is credited to the revaluation reserve.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**3a TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS**

	<b>2011</b>			<b>2010</b>
	<b>Turnover</b>	<b>Operating costs</b>	<b>Operating Surplus/ (Deficit)</b>	<b>Operating Surplus/ (Deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>(Deficit) £'000</b>	<b>(Deficit) £'000</b>
<b>Social housing lettings (Note 3b)</b>	14,302	(10,300)	4,002	3,237
<b>Other social housing activities</b>				
Supporting People Contracts	163	(231)	(68)	-
Development services	1	-	1	1
Development costs not capitalised	-	(148)	(148)	(105)
Management services	5	-	5	9
First tranche shared ownership sales	1,080	(421)	659	371
Other	69	(318)	(249)	(11)
	<u>1,318</u>	<u>(1,118)</u>	<u>200</u>	<u>265</u>
	<u>15,620</u>	<u>(11,418)</u>	<u>4,202</u>	<u>3,502</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**3b PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

					2011	2010
	General needs housing	Supported housing and housing for older people	Temporary social housing	Shared ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Turnover from social housing lettings</b>						
Rent receivable net of identifiable service charges	8,157	2,768	1,238	876	13,039	13,169
Service charges receivable	184	544	-	71	799	654
Charges for support services	1	100	-	-	101	211
Management fees	14	-	186	47	247	280
<b>Net rental income</b>	8,356	3,412	1,424	994	14,186	14,314
Other revenue grants	-	116	-	-	116	87
<b>Turnover from social housing lettings</b>	8,356	3,528	1,424	994	14,302	14,401
<b>Expenditure on social housing lettings</b>						
Services	221	667	-	60	948	1,013
Management	2,176	1,062	465	292	3,995	4,088
Routine maintenance	1,277	493	185	19	1,974	2,011
Planned maintenance	209	102	-	-	311	230
Major repairs expenditure	640	438	-	(4)	1,074	1,121
Rental payments to landlords	-	-	971	-	971	1,766
Rent waiver	-	-	-	-	-	9
Rent losses from bad debts	(22)	8	23	1	10	66
Depreciation of housing properties	586	289	-	142	1,017	860
<b>Operating costs on social housing lettings</b>	5,087	3,059	1,644	510	10,300	11,164
<b>Operating surplus/(deficit) on social housing lettings</b>	3,269	469	(220)	484	4,002	3,237
Void losses	26	48	79	-	153	236

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**4. UNITS MANAGED BY AGENCIES**

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

<b>Supported Housing</b>	<b>Number of units</b>	
	<b>2011</b>	<b>2010</b>
Mencap	10	10
Stonham Housing Association	-	6
MIND	29	23
Housing from Hospital	-	2
Barnardos	7	7
Ability	3	3
Response	14	15
	<u>63</u>	<u>66</u>

**5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT**

At the end of the year accommodation in management for each class of accommodation was as follows:

	<b>2011</b>	<b>2010</b>
	<b>Unit No.</b>	<b>Unit No.</b>
<b>Social housing</b>		
General needs	1,686	1,673
Housing for older people	530	529
Supported housing	160	167
Low cost home ownership	374	344
Leasehold properties	29	29
Total permanent housing	<u>2,779</u>	<u>2,742</u>
Temporary housing under lease agreements	74	127
Total units in management	<u>2,853</u>	<u>2,869</u>
Accommodation in development at the year end	28	42

**6. OPERATING SURPLUS**

This is arrived at after charging:	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of housing properties	1,017	860
Depreciation of other tangible fixed assets	111	177
Auditors' remuneration (including VAT)		
- for audit services	16	15
	<u>16</u>	<u>15</u>

**7. SURPLUS ON SALE OF ASSETS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Proceeds	505	549
Cost of sales, at cost or valuation	(363)	(363)
	<u>142</u>	<u>186</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**8. INTEREST RECEIVABLE AND OTHER INCOME**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Income from listed investments	6	21
Income from other investments	2	4
	<u>8</u>	<u>25</u>

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Loans and bank overdrafts	2,704	2,334
Other charges	225	186
	<u>2,929</u>	<u>2,520</u>
Interest payable capitalised on housing properties under construction	(124)	(175)
	<u>2,805</u>	<u>2,345</u>
Capitalisation rate used to determine the amount of finance costs capitalised during the period	4.61%	4.82%

**10. EMPLOYEES**

	<b>2011</b>	<b>2010</b>
	<b>No.</b>	<b>No.</b>
<b>Average monthly number of employees expressed in full time equivalents:</b>		
Housing support and care	70	65
	<u>70</u>	<u>65</u>
<b>Employee costs:</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,937	1,722
Social security costs	156	138
Other pension costs	126	131
	<u>2,219</u>	<u>1,991</u>

The Association employees are members of the Social Housing Pension Scheme (SHPS) or the Pension Trust's Growth Plan (PTGP) or the Oxfordshire County Council Pension Fund (OCCPF). Further information on each scheme is given below.

**(a) Social Housing Pension Scheme (SHPS)**

Oxford Citizens Housing Association (OCHA) 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 with a 1/60<sup>th</sup> accrual rate, until 31 March 2007. From April 2007 there are three benefit structures available, namely:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**

**10. EMPLOYEES *continued***

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

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

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

OCHA has operated the career average revalued earnings (CARE) with a 1/60<sup>th</sup> 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 OCHA 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 60 active members of the Scheme employed by OCHA. The annual pensionable payroll in respect of these members was £1.7 million. OCHA 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.

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%.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 March 2011

#### 10. EMPLOYEES *continued*

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 1/60 <sup>th</sup> accrual rate	17.8
Final salary with a 1/70 <sup>th</sup> accrual rate	15.4
Career average revalued (CARE) earnings with a 1/60 <sup>th</sup> accrual rate	14.9
Final salary with a 1/80 <sup>th</sup> accrual rate	13.5
Career average revalued (CARE) earnings with a 1/80 <sup>th</sup> 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011****10. EMPLOYEES *continued***

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.

OCHA 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 OCHA was £9.7 million.

**(b) Pension Trust's Growth Plan**

OCHA 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 March 2011

#### 10. EMPLOYEES *continued*

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 Association offers the Growth Plan as an AVC investment option for members of the Social Housing Pension Scheme. The members pay contributions at a rate of their choice. The Association does not pay any contributions to the Growth Plan.

As at the balance sheet date there were no active members of the Plan employed by OCHA. OCHA 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%.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011****10. EMPLOYEES *continued***

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

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 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 March 2011

#### 10. EMPLOYEES *continued*

OCHA 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 OCHA was £41,746.

#### (c) Oxfordshire County Council Pension Fund

As from 4 October 2010 the 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

#### Contributions

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

	<b>2011</b>
	<b>£'000</b>
Employer contributions	<b>14</b>

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

	<b>2011</b>
	<b>£'000</b>
Current service costs	14
Total operating charge	14

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**

**10. EMPLOYEES *continued***

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

**Fair value of employer assets**

	<b>31 March 2011 £000</b>
Equities	387
Gilts	49
Bonds	27
Property	32
Cash	16
Alternative Assets	27
Total	<u>538</u>

**Balance sheet**

	<b>31 March 2011 £000</b>
Fair value of employer assets	538
Present value of funded liabilities	<u>(624)</u>
Net Liability	<u>(86)</u>

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

	<b>2011 £'000</b>
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	<u>83</u>

**Reconciliation of fair value of scheme liabilities**

	<b>2011 £'000</b>
Scheme liabilities on transfer	668
Current service costs	14
Interest cost	16
Contributions by members	5
Actuarial (gains)/losses	(79)
Closing scheme liabilities	<u>624</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**10. EMPLOYEES *continued***
**Reconciliation of fair value of scheme assets**

	<b>2011</b> <b>£'000</b>
Fair value of scheme assets on transfer	499
Expected return on assets	15
Contributions by members	5
Contributions by employers	14
Actuarial gains	5
	<hr/>
Closing fair value of scheme assets	<u>538</u>

**11. BOARD MEMBERS AND EXECUTIVE DIRECTORS**

The Chairman of the Board being the highest paid Director received remuneration of £7,000 (2010: £7,000) during the year.

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

	<b>2011</b> <b>Total</b> <b>£</b>	<b>2010</b> <b>Total</b> <b>£</b>
A Copping	7,000	7,000
S Brownill	3,000	3,000
S Butcher	3,000	1,525
C Cornforth	3,000	3,000
D Day	2,125	1,500
N Harrison	3,000	3,000
P Lowe	3,000	-
A Mabile	1,633	-
S Peachey	3,000	1,525
E Thompson	1,500	3,000
S DesBaux	3,000	3,000
N Randall	-	1,500
J Jackson	-	-
	<hr/>	<hr/>
	<u>33,258</u>	<u>28,050</u>

During the financial year £Nil (2010: £3,000) consideration was paid to a third party for making available the services of one of the Directors.

Expenses paid during the year to Board members amounted to £2,609 (2010: £2,878).

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

There are no Executive Directors due to their transfer to GreenSquare Group Limited, the ultimate parent undertaking.

Details of the emoluments of Executive Directors are set out in the Financial Statements of GreenSquare Group Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

	Housing properties held for letting*	Housing properties under construction	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2010	92,522	1,130	16,819	695	111,166
Additions	1,270	600	-	1,068	2,938
Works to existing properties	697	-	-	-	697
Interest capitalised	-	98	-	26	124
Schemes completed in year	168	(168)	1,731	(1,731)	0
Disposals	-	-	(308)	-	(308)
Valuation adjustment	(18,375)	-	(2,870)	-	(21,245)
At 31 March 2011	<u>76,282</u>	<u>1,660</u>	<u>15,372</u>	<u>58</u>	<u>93,372</u>
<b>Depreciation and impairment</b>					
At 1 April 2010	897	-	211	-	1,108
Charged in year	876	-	141	-	1,017
Released on disposal	-	-	(5)	-	(5)
Valuation adjustment	(1,773)	-	(347)	-	(2,120)
At 31 March 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Social Housing Grant</b>					
At 1 April 2010	15,667	-	1,604	622	17,893
Additions	812	328	-	312	1,452
Schemes completed in year	43	(43)	934	(934)	-
Disposals	-	-	(15)	-	(15)
Valuation adjustment	(16,522)	-	(2,523)	-	(19,045)
At 31 March 2011	<u>-</u>	<u>285</u>	<u>-</u>	<u>-</u>	<u>285</u>
<b>Other grants</b>					
At 1 April 2010	-	50	-	-	50
Additions	-	30	-	-	30
Schemes completed in year	80	(80)	-	-	-
Valuation adjustment	(80)	-	-	-	(80)
At 31 March 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>					
At 31 March 2011	<u>76,282</u>	<u>1,375</u>	<u>15,372</u>	<u>58</u>	<u>93,087</u>
At 31 March 2010	<u>75,957</u>	<u>1,080</u>	<u>15,004</u>	<u>73</u>	<u>92,114</u>

\* Housing properties held for letting include one held on a non social housing basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 March 2011

#### 12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH), including notional directly attributable acquisition costs, based on an interim Directors valuation. This was performed by a RICS qualified employee of the group, and having consideration to the assumptions below, it was concluded that these remain appropriate to the Association and can therefore be reasonably applied in arriving at the value of Housing Properties at 31 March 2011. The last full professional external valuation of these properties was undertaken at 31 March 2008 by Countrywide Chartered Surveyors. This valuation was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors using discounted cash flow methodology and the following key assumptions:

Discount rate (real)	6.0%
Annual inflation rate	2.5%
Level of annual rent increase	3.0%

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:

	<b>2011</b>	<b>2010</b>
	<b>£ '000</b>	<b>£ '000</b>
Historical cost	179,397	175,789
Social housing grant	(92,265)	(90,828)
Other capital grants	(1,053)	(1,023)
Depreciation and impairment	(6,259)	(5,247)
	<u>79,820</u>	<u>78,691</u>
	<u><u>79,820</u></u>	<u><u>78,691</u></u>
<b>Social housing grant</b>	<b>2011</b>	<b>2010</b>
	<b>£ '000</b>	<b>£ '000</b>
Total accumulated SHG receivable at 31 March was:		
Capital grants	93,318	91,851
	<u>93,318</u>	<u>91,851</u>
	<u><u>93,318</u></u>	<u><u>91,851</u></u>
<b>Expenditure on works to existing properties</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Amounts capitalised	697	141
Amount charged to income and expenditure account	1,074	1,121
	<u>1,771</u>	<u>1,262</u>
	<u><u>1,771</u></u>	<u><u>1,262</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)**

<b>All properties</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Housing properties book value, net of grant and depreciation comprise:</b>		
Freehold land and buildings	91,947	90,925
Long leasehold land and buildings	571	614
Short leasehold land and buildings	569	575
	<u>93,087</u>	<u>92,114</u>

**13. TANGIBLE FIXED ASSETS - OTHER**

	<b>Motor Vehicles</b>	<b>Offices</b>	<b>Office Equipment and fittings</b>	<b>Total other fixed assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 April 2010	-	1,933	1,097	3,030
Additions	61	-	66	127
Disposals	-	-	(66)	(66)
At 31 March 2011	<u>61</u>	<u>1,933</u>	<u>1,097</u>	<u>3,091</u>
<b>Depreciation</b>				
At 1 April 2010	-	562	941	1,503
Charged in year	7	31	73	111
Disposals	-	-	(65)	(65)
At 31 March 2011	<u>7</u>	<u>593</u>	<u>949</u>	<u>1,549</u>
<b>Net book value</b>				
At 31 March 2011	<u>54</u>	<u>1,340</u>	<u>148</u>	<u>1,542</u>
At 31 March 2010	<u>-</u>	<u>1,371</u>	<u>156</u>	<u>1,527</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**14. FIXED ASSET INVESTMENTS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Shares in Group undertakings at 31 March 2011 and 2010	200	200

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

<b>Company</b>	<b>Type of Share</b>	<b>% Held</b>	<b>Principal Activity</b>
Oakus Estates Limited	Ordinary £1	12.5%	Commercial letting
Oakus Estates Limited	Preference £1	5.7%	Commercial letting

No consolidated accounts have been prepared on the basis that the Association is a wholly owned subsidiary of GreenSquare Group Limited, for which consolidated accounts have been prepared.

**15. STOCK**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	12	-
Shared Ownership properties:		
Properties under construction	-	185
Completed properties	114	28
	<u>126</u>	<u>213</u>

**16. DEBTORS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year</b>		
Rent and service charges receivable	1,069	1,207
Less: Provision for bad and doubtful debts	(962)	(962)
	<u>107</u>	<u>245</u>
Other debtors	430	309
Prepayments and accrued income	101	141
Amounts owed from Group undertakings	1,112	1,141
	<u>1,750</u>	<u>1,836</u>

**17. CURRENT ASSET INVESTMENTS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Investments listed on a recognised stock exchange	441	415
	<u>441</u>	<u>415</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 20)	769	758
Trade creditors	475	715
Amount due to Group undertakings	69	278
Rent and service charges received in advance	336	321
Other creditors	1,771	1,861
	<u>3,420</u>	<u>3,933</u>

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

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 20)	59,610	60,366
Recycled capital grant fund (note 21)	21	40
Sinking funds for Leasehold schemes	254	212
Loan stock	5	5
Other long term creditors	5	5
	<u>59,895</u>	<u>60,628</u>

Housing loans are stated after the deduction of £691,402 (2010: £714,167) 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 specific fixed rate charges on the Association's housing properties and are repayable at varying rates of interest in instalments due. At the year end, 83% of debt was fixed with an average interest rate of 4.99%, with the remaining floating debt at an average interest rate of 2.2%.

**20. HOUSING LOANS ANALYSIS**

Loans are repayable as follows:

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
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	53,269	55,656
	<u>60,379</u>	<u>61,124</u>

**21. RECYCLED CAPITAL GRANT FUND**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2010	40	25
Grants recycled	24	15
Combined with allocations of SHG	(43)	-
Balance at 31 March 2011	<u>21</u>	<u>40</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**22. PROVISIONS FOR LIABILITIES AND CHARGES**

	Restructuring £'000	Properties £'000	Total £'000
At 1 April 2010	-	21	21
Provided in the year	70	-	70
Released in the year	-	(8)	(8)
	<u>70</u>	<u>(8)</u>	<u>(8)</u>
At 31 March 2011	<u>70</u>	<u>13</u>	<u>83</u>

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.

**23. NON EQUITY SHARE CAPITAL**

	2011 £	2010 £
<b>Shares of £1 each issued and fully paid</b>		
At 1 April 2010	27	30
Shares issued during the year	1	1
Shares surrendered during the year	-	(4)
	<u>28</u>	<u>27</u>
At 31 March 2011	<u>28</u>	<u>27</u>

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.

**24. RESERVES**

	Hunts Close Reserve (Designated) £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total £'000
As at 1 April 2010	48	11,176	22,202	33,426
Surplus for the year	-	-	1,547	1,547
Actuarial surplus relating to pension scheme	-	-	83	83
Revaluation adjustment	-	(3)	-	(3)
Transfers	(2)	(79)	81	-
	<u>46</u>	<u>11,094</u>	<u>23,913</u>	<u>35,053</u>
At 31 March 2011	<u>46</u>	<u>11,094</u>	<u>23,913</u>	<u>35,053</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**

**25. FINANCIAL COMMITMENTS**

Capital expenditure commitments are as follows:	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for but not provided in the accounts	3,349	3,133
Expenditure authorised by the Board, but not contracted	26,717	6,431
	<u>30,066</u>	<u>9,564</u>

The above commitments will be financed primarily through borrowing which are available for draw down under existing loan arrangements and social housing grant.

**Temporary housing leases**

The payments, which the Association is committed to make to landlords under temporary housing leases, are as follows:

Leases expiring:	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	108	278
One to five years	913	849
	<u>1,021</u>	<u>1,127</u>

These leases are income generating (see note 3b).

**26. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Operating surplus	4,202	3,502
Depreciation of tangible fixed assets	1,128	1,037
Pension operating charge	14	-
Pensions contributions paid	(14)	-
	<u>5,330</u>	<u>4,539</u>
<b>Working capital movements</b>		
Stock decrease	111	154
Debtors decrease	85	1,276
Creditors (decrease)/increase	(177)	663
	<u>5,349</u>	<u>6,632</u>
<b>Net cash inflow from operating activities</b>	<u>5,349</u>	<u>6,632</u>

**27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Decrease in cash	(312)	(728)
Cash outflow in liquid resources	30	20
Cash outflow/(inflow) from change in debt	767	(13,907)
Non cash movements	(26)	356
	<u>459</u>	<u>(14,259)</u>
<b>Change in net debt from cash flows</b>	<u>459</u>	<u>(14,259)</u>
Net debt at 1 April 2010	<u>(59,011)</u>	<u>(44,752)</u>
<b>Net debt at 31 March 2011</b>	<u>(58,552)</u>	<u>(59,011)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**
**28. ANALYSIS OF DEBT**

	<b>1 April 2010 £'000</b>	<b>Cash flow £'000</b>	<b>Non cash movement £'000</b>	<b>31 March 2011 £'000</b>
Cash at bank and in hand	1,703	(312)		1,391
Current asset investment	415	30	(4)	441
	<u>2,118</u>	<u>(282)</u>	<u>(4)</u>	<u>1,832</u>
Loans	(61,124)	767	(22)	(60,379)
Loan stock	(5)	-	-	(5)
<b>Changes in debt</b>	<u>(61,129)</u>	<u>767</u>	<u>(22)</u>	<u>(60,384)</u>
<b>Changes in net debt</b>	<u>(59,011)</u>	<u>485</u>	<u>(26)</u>	<u>(58,552)</u>

**29. FINANCIAL ASSETS AND LIABILITIES**
**Financial assets**

Financial assets held include cash at bank, deposits placed on money markets and investments. Amounts held were:

	<b>2011 £'000</b>	<b>2010 £'000</b>
Sterling deposits	<u>1,832</u>	<u>2,117</u>

**Financial liabilities excluding trade creditors**

The Association's financial liabilities are sterling denominated. The interest rate profile for interest payable for the year ended 31 March was:

	<b>2011 £'000</b>	<b>2010 £'000</b>
Floating rate	317	276
Fixed rate	<u>2,387</u>	<u>2,058</u>
Total	<u>2,704</u>	<u>2,334</u>

The debt maturity profile is shown in note 20.

The sterling fixed rate financial liabilities have a weighted average interest rate of 4.99% (2010: 5.71%) and the weighted average period for which it is fixed is 6.6 years (2010: 7.7 years).

The floating rate financial liabilities comprise bank and building society loans.

**Fair values of financial assets and liabilities**

	<b>2011</b>		<b>2010</b>	
	<b>Book value £'000</b>	<b>Fair value £'000</b>	<b>Book value £'000</b>	<b>Fair value £'000</b>
Financial assets	1,793	1,832	2,076	2,117
Short-term financial liabilities and current portion of long-term borrowings	(769)	(769)	(758)	(758)
Long-term borrowings	(59,610)	(59,610)	(60,366)	(60,366)

Fair values have been calculated using interest rates ruling at the balance sheet dates. At 31 March 2011, the Association had undrawn loan facilities of £29.5million (2010: £29.5 million). Since the year end, the Association has not redeemed any loans (2010: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 March 2011**

**30. RELATED PARTIES**

There were three tenant members on the Board, Nickie Harrison, Steven Peachey, Eleanor Thompson. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

John Jackson, a Board member to 20 July 2010, is an employee of Oxfordshire County Council from whom the Association receives Supporting People funding. During the year the Association received Supporting people contract income totalling £163,000 (2010: £157,000).

**Transactions/balances with Oakus Estates Limited**

Oxford Citizens Housing Association Ltd (OCHA) owns 12.5% of the ordinary share capital of Oakus Estates Limited (Oakus).

During the year OCHA purchased goods and services from Oakus with a value of £6,585 (2010: £4,381). At 31 March 2011 there were sums outstanding from Oakus of £30,178 (2010: £36,763), and these amounts are disclosed in notes 16 as appropriate.

**31. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is GreenSquare Group Limited which is registered in England and Wales as an Industrial and Provident Society and registered social landlord.

Copies of its Group accounts are available from the registered offices of GreenSquare Group Limited.



**Oxford Citizens Housing Association Limited**

**Registered Office** 244 Barns Road, Oxford OX4 3RW • **Freephone** 0800 980 9272 • **www.ocha.org.uk**

An Industrial and Provident Society with charitable status 12305R • Housing Corporation Registered No. LO893

Part of GreenSquare Group Limited



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