



**OCHA**

**Report and  
Financial Statements  
2008/2009**



business for neighbourhoods



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# **OXFORD CITIZENS HOUSING ASSOCIATION LIMITED**

## **FINANCIAL STATEMENTS**

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**◆ Year Ended 31<sup>st</sup> March 2009 ◆**

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

### **Board**

Chair	Ms Alice Copping (from 28 April 2008) Mr James Williamson (to 31 March 2008)
Vice Chair	Mr Derek Day (from 16 September 2008) Ms Jo Bullock (to 16 September 2008)
Other Members	Ms Sue Brownill Dr Chris Cornforth Ms Nickie Harrison (from 9 June 2008) Mr John Jackson Ms Philippa Lowe (from 1 April 2008) Ms Nicola Holden (from 9 June 2008) Ms Eleanor Thompson (from 28 April 2008) Ms Sherri DesBaux (from 26 January 2009)  Ms Monique Audifferen (from 28 April 2008 to 6 April 2009) Ms Debbie Evans (from October 2007 to 9 June 2008) Mr Brian Rawlings (to 9 June 2008)
Managing Director	Andrew Smith (from 1 April 2008)
Co-opted Members	Oxford City Council – Non voting advisors: Cllr David Rundle (to 1 April 2008) Cllr Ed Turner (to 1 April 2008) Cllr Val Smith (from 22 July 2008)
<b>Secretary</b>	Lisa Whordley Hughes (from 1 April 2008)
<b>Registered office</b>	244 Barns Road Oxford Oxon, OX4 3RW <a href="http://www.ocha.org.uk">www.ocha.org.uk</a>
<b>Registered number</b>	Registered as a charitable social landlord under the Industrial and Provident Societies Acts, No: 12305R  Registered by the Housing Corporation, No: L0893
<b>Auditors</b>	Grant Thornton UK LLP Hartwell House 55-61 Victoria Street Bristol BS1 6FT
<b>Principal bankers</b>	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 2009.

### 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.

On 1 April 2008, Oxford Citizens Housing Association Ltd entered into a Group Structure with Westlea Housing Association Ltd and its commercial subsidiary Oakus Estates Ltd. All entities become subsidiaries of the newly created GreenSquare Group Limited (GreenSquare). GreenSquare is a non asset holding Industrial and Provident Society, registered with the 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.

### Housing property assets

Details of changes to the Association's fixed assets are shown in notes 11 and 12 to the Financial Statements.

The Association spent £8.9million on the acquisition and development of housing properties, financed through grants of £4.0million, net loans of £3.0million, first tranche sales of £1.9million.

### Reserves

The surplus for the year after transfers was £0.7million (2008:£1.2million), increasing the Association reserves to £32.0million (2008:£31.4million).

The Association remains committed to meeting the Decent Homes Standard by 2010 and will continue to reinvest in its property.

### 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 120 actively involved in our Citizens Panel.

### 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.

### 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.

## **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.

From 1 April 2008, GreenSquare has provided a range of central services – governance, finance, development, human resources and information technology – to the Association, under the scope of the intra group agreement. From that time, the Chief Executive and the Group Director Finance & IT have been employed directly by GreenSquare, providing services via the intra group agreement. The Operations Director has been re-appointed as the Association's Managing Director.

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.

Following creation of the GreenSquare Group, the Board delegates 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.

### **Service contracts**

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

### **Pensions**

The executive directors are members of the Social Housing Pension Scheme (SHPS) defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other eligible staff. The Association contributes to the scheme on behalf of its employees.

### **Other benefits**

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

## **NHF Code of Governance**

The Association complies with the principal recommendations of the NHF Code of Governance (revised 2004) 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 2008 up to the date of approval of the annual report and financial statements. On 1 April 2008, a Group Audit Committee was formed to oversee the internal control framework for all companies within the group.

Key elements of the control framework include:

- Board approved terms of reference, including from 1 April 2008, 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; and
- detailed policies and procedures in each area of the Association's work.

The Board accepts ultimate responsibility for the system of internal control, including the review of the effectiveness of the system of internal control. From April 2008, overall responsibility for Audit has transferred to the Group's Audit Committee who liaise directly with the Company's Board as appropriate.

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

The Board has received the Managing Director's annual review of the effectiveness of the system of internal control for the Association, together with the annual report of the internal auditor.

**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 United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association at the end of the year and of the surplus or deficit of the Association for the year then ended.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- follow applicable United Kingdom Accounting Standards and the Statement or Recommended Practice (SORP): 'Accounting by Registered Social Landlords' (2008), subject to any material departures disclosed and explained in the financial statements.

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, paragraph 16 of Schedule 1 to the Housing Act 1996 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 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. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions

**Going concern**

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 15 September 2009.

### **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 LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 20 July 2009 and signed on its behalf by:



**Alice Copping**  
Chair

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

For the year ended 31 March	2009	2008	2007	2006	2005
		Restated	Restated	Restated	Restated
<b>Income and Expenditure account (£'000)</b>					
Total turnover	16,567	17,329	20,131	17,703	18,830
Income from lettings	14,527	15,077	16,490	16,654	16,169
Operating surplus	3,007	2,650	3,749	2,916	3,597
Surplus for the year before transfers	715	1,157	2,324	1,501	2,124
<b>Balance Sheet (£'000)</b>					
		Restated *			
Tangible fixed assets, net of depreciation	81,757	73,974	123,778	116,350	107,326
SHG and other capital grants	7,003	2,971	73,479	71,363	65,667
Tangible fixed assets net of capital grants and depreciation	74,754	71,003	50,299	44,987	41,659
Net current assets	2,738	288	1,095	992	3,005
Loans (due over one year)	47,075	41,245	36,824	33,128	33,236
Reserves : designated	51	52	8,149	7,549	6,949
: revenue	20,752	19,957	7,870	6,863	6,102
: revaluation	11,188	11,390	44	36	-
: total	31,991	31,399	16,063	14,448	13,051

\*Balance sheets prior to 31 March 2008 have not been restated to reflect the introduction of the 2008 Statement of Recommended Practice.

**Accommodation figures**

Total housing stock managed at year end (number of units):					
General needs	1,518	1,443	1,407	1,322	1,304
Shared ownership	305	282	260	212	207
Temporary housing	208	320	441	610	612
Supported housing and housing for older people	646	658	657	684	717
Leasehold	29	30	30	30	30
In development	163	249	126	136	12

<b>Statistics</b>	Restated	Restated	Restated	Restated	
Operating surplus for the year as % of turnover	15.3%	14.7%	18.6%	16.5%	19.1%
Operating surplus for the year as % of income from lettings	17.4%	16.9%	22.7%	17.5%	22.2%
General needs stock:-					
Void rent losses ( <i>voids as % of net rent and service charges receivable</i> )	0.34%	0.36%	0.37%	0.30%	0.35%
Current rent arrears ( <i>gross arrears as % of net rent and service charges receivable</i> )	6.36%	6.25%	7.29%	7.02%	7.66%
Interest cover ( <i>surplus before interest payable and property depreciation divided by interest payable and capitalised interest</i> )	1.79	1.62	1.89	1.82	1.86
Liquidity ( <i>current assets divided by current liabilities</i> )	1.80	1.05	1.39	1.26	2.47
Gearing ( <i>total loans as % of capital grants plus reserves</i> )	46.74%	43.28%	41.62%	38.83%	42.46%

The results for 2005 to 2008 have been restated to reflect the change in the accounting for the first tranche of Shared Ownership profits. Further details of this change are set out on pages 35 to 36.

## 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.

On 1 April 2008, Oxford Citizens Housing Association formally merged, with GreenSquare Group Limited being the newly formed parent company under which the merged organisations would operate.

As well as managing just over 2,700 properties, the Association is a developer of new affordable housing in the area and works in strategic development partnership within the GreenSquare Group.

### External influences

On the 1 December 2008 the Housing Corporation was succeeded by the Tenant Services Authority (TSA) and Homes and Communities Agency (HCA). At present the TSA has adopted the Housing Corporation standards for RSLs and is consulting on changes to these. The HCA continues to provide grant to OCHA, but is also exploring more innovative funding arrangements.

GreenSquare Group has lead partnership status with the TSA and received an allocation of £28m from it covering the next two years.

Government policies are 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.

The aim of reducing households living in temporary accommodation by 2010, is also having an impact on the shape of the Association. Temporary housing stock reduced by 35% during the year and this is the main reason turnover reduced from £17million to

£16.5million. We expect the number of temporary stock homes to continue to reduce to a level of around 130.

In addition, the quality of affordable housing remains a key focus for a government that has committed to delivering decent homes for all social housing tenants by 2010. 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.

During the year the Association experienced significant effects from the credit crunch. In particular, changes in the housing market (both falls in value and less mortgage availability) resulted in lower price and demand. Loans became less available to RSLs, and where available more expensive. The Association has taken steps to ensure all its contractual commitments are fully covered by existing loan facilities.

### 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.

Our surplus for the financial year is £442,000 less than the previous year. The key factors influencing this were a one off cost relating to the regeneration of Alice & Margaret House and Rosemary Court (£258,000); an increase in interest payable (£214,000) as new loans of £6m were drawn down in the year and the continuing reduction in temporary accommodation.

The Association had net current assets of £2,738,000 and manages its working capital around the loan facility. As at 31 March 2009, £16 million was available for drawdown against

the current value of charged housing properties.

Nevertheless, our financial performance has meant we have met lenders' covenants. By the year-end Association funds amounted to £32.0million (2008:£31.4m restated) now including a revaluation reserve of £11.1million.

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 128 new homes transferred into management during the year.

The development of the major regeneration project at Rose Hill is now underway. This complete redevelopment in conjunction with our HCA and Local Authority partners constitutes OCHA's largest ever investment in new affordable housing at £10.5million.

### **Asset management**

The proportion of our general needs, housing for older people and supported housing properties meeting the Decent Homes Standard stayed at 99% during the year, and is just below our target (100%).

Total expenditure on repairs and maintenance amounted to £3.5million (2008: £3.7million) for the year, including £1.3million (2007: £1.5million) 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 6 and summarised below.

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

Our target for the year was to keep general needs rent losses below 0.4% of rental income receivable. We achieved the target with rent losses of 0.34% (2008: 0.36%). The target for the coming year is to maintain general needs rent losses below 0.20% of rental income.

#### *General needs current rent arrears*

General needs current rent arrears at the year end had increased slightly to 6.36% (2008: 6.25%) which did not meet our target of 6.0%. We have set a challenging target to manage current arrears within 5.8% of rental income for the coming year.

#### *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 97.7% of jobs completed within 10 days; actual: 96.3% (2008: 97%)
- Note our target of 10 days significantly exceeds the 28 day key performance indicator that most Associations still have.

### **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 12%. For 2008/2009 our staff turnover of 14.1% (2008:18.4%) was above 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 6 and the following paragraphs highlight key features of the Association's financial position at 31 March 2009:

#### **Accounting policies**

The Association's principal accounting policies are set out on pages 15 to 17 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.

The Statement of Recommended Practice for Registered Social Landlords (2008) was

released in January 2008 with mandatory adoption required for periods beginning on or after 1 April 2008. The key change relates to our accounting policy for shared ownership properties and prior period balances have been adjusted to reflect the change in accounting policy which increased the opening revenue reserves balance by £3.3million (note 30).

As part of the alignment of accounting policies within the GreenSquare Group housing properties are now shown at valuation rather than historic cost. The board appointed external professional valuers to undertake the valuation of the Association's housing properties as at 31 March 2008. The value of the properties, on an Existing Use Value for Social Housing (EUV-SH) basis, was £71.0million and this has been reflected in the valuation of properties in the financial statements. On valuation, the surplus of £11.4million over the carrying value was taken to the property revaluation reserve (note 30) and the prior period balances have been restated to reflect this additional change in accounting policy.

#### **Housing properties**

At 31 March 2009 the Association managed 2,706 housing properties (2008: 2,733). The properties were carried in the balance sheet at EUV-SH, of £74.8 million (2008: £71.0 million).

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 the Social Housing Pension Scheme (SHPS). This 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 Association has contributed to the scheme in accordance with the levels set by the actuaries of between 12.9% and 14.0%.

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

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

The Association borrowed a further £6million during the year, to develop general family housing. By the year end loans amounted to

£47.5million of which £0.4million falls due to be paid within the next year as shown in note 17 to the audited financial statements.

The trend information on page 6 shows that gearing, calculated as total loans as a percentage of capital grants and reserves, had increased to 46.74% by 31 March 2009 (2008: 43.28%). During the next twelve months further planned borrowings to finance new developments could increase the gearing to as much as 52.0%. However, this is in line with targets set by the Board.

The Association borrows and lends only in sterling and is not exposed to currency risk.

#### **Cashflows**

Cash inflows and outflows during the year are shown in the cash flow statement (page 14).

At the year end, the Association's current assets included £2.4million (2008: £2.3million) 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 £10.0million during the next financial year to develop general needs and shared ownership accommodation especially the Rose Hill regeneration.

Undrawn loan facilities of £16million are available under existing arrangements.

#### **Statement of compliance**

In preparing this Operating and Financial Review, the Board has followed the principles set out in Part 3 of the SORP: 'Accounting by Registered Social landlords' (2008).



**Andrew Smith**  
**Managing Director**  
**20 July 2009**

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

We have audited the Association financial statements of Oxford Citizens Housing Association Limited for the year ended 31 March 2009 on pages 11 to 36 which have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with regulations made under section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditors' 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 association and the 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**

The responsibilities of the board for preparing the report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the board for the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

We also report to you if, in our opinion, the report of the board is not consistent with the financial statements, if the association has not kept proper accounting records or maintained a satisfactory system of control over its transactions, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. The other information comprises only the report of the board and the report of the board. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with

the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Association as at 31 March 2009 and of the surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP  
Chartered Accountants and Registered  
Auditors**

**Bristol, England  
20 July 2009**

**INCOME AND EXPENDITURE ACCOUNT  
for the year ended 31 March 2009**

	<b>Note</b>	<b>2009 £'000</b>	<b>2008 Restated £'000</b>
<b>Turnover: continuing activities</b>	3	16,567	17,329
<b>Operating costs</b>	3	(13,560)	(14,679)
<b>Operating surplus: continuing activities</b>	3	3,007	2,650
(Deficit)/surplus on sale of fixed assets		(62)	460
Interest receivable and other income	7	59	122
Interest payable and similar charges	8	(2,289)	(2,075)
<b>Surplus for the financial year</b>	23	715	1,157

**STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS  
for the year ended 31 March 2009**

	<b>Note</b>	<b>2009 £'000</b>	<b>2008 Restated £'000</b>
Surplus for the financial year		715	1,157
Unrealised deficit on revaluation of housing properties	23	(123)	-
Unrealised deficit on revaluation of investments		-	(44)
Total recognised surpluses relating to the year		592	1,113
Prior year adjustments	23	14,720	
<b>Total recognised surpluses since the last report</b>		15,312	

**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS  
for the year ended 31 March 2009**

	<b>Note</b>	<b>2009 £'000</b>	<b>2008 Restated £'000</b>
Reported surplus for the financial year		715	1,157
Excess depreciation charge over historical cost depreciation		79	34
Historical cost surplus on ordinary activities		794	1,191
Historical cost retained surplus for the year		794	1,191

**RECONCILIATION OF MOVEMENTS IN ASSOCIATION'S FUNDS  
for the year ended 31 March 2009**

	<b>Note</b>	<b>£'000</b>
Opening total funds as previously stated at 1 April 2008		16,679
Prior year adjustment	23	14,720
Opening total funds as restated at 1 April 2008		31,399
Total recognised surplus relating to the year		592
<b>Closing total funds</b>		<b>31,991</b>

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

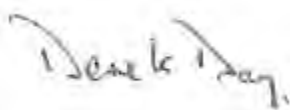
**BALANCE SHEET**  
 at 31 March 2009

	Note	2009 £'000	2008 Restated £'000
<b>Tangible fixed assets</b>			
Housing properties	11	74,754	71,003
Other tangible fixed assets	12	1,636	1,784
		<u>76,390</u>	<u>72,787</u>
Fixed asset investments	13	200	-
		<u>76,590</u>	<u>72,787</u>
<b>Current assets</b>			
Housing properties held for sale	14	367	1,104
Debtors	15	3,049	1,831
Investments	16	328	403
Cash at bank		2,431	2,301
		<u>6,175</u>	<u>5,639</u>
<b>Creditors: amounts falling due within one year</b>	17	(3,437)	(5,351)
		<u>2,738</u>	<u>288</u>
<b>Net current assets</b>		<u>2,738</u>	<u>288</u>
<b>Total assets less current liabilities</b>		<u>79,328</u>	<u>73,075</u>
<b>Creditors: amounts falling due after more than one year</b>			
<b>Provisions for liabilities and charges</b>	18	47,287	41,483
	21	50	193
<b>Capital and reserves</b>			
Non-equity share capital	22	-	-
Designated reserves	23	51	52
Revaluation reserve	23	11,188	11,390
Revenue reserve	23	20,752	19,957
		<u>31,991</u>	<u>31,399</u>
<b>Association's funds</b>	23	31,991	31,399
		<u>79,328</u>	<u>73,075</u>

The financial statements were approved by the Board on 20<sup>th</sup> July 2009 and signed on its behalf by:



Alice Copping  
Chair



Derek Day  
Vice Chair



Tim Jackson  
On behalf of 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 2009

	Note	2009 £'000	2008 Restated £'000
<b>Net cash inflow from operating activities</b>	25	2,440	4,982
<b>Returns on investments and servicing of finance</b>			
Interest received and similar income		60	122
Interest paid		(2,545)	(2,154)
<b>Net cash outflow from returns on investment and servicing of finance</b>		(2,485)	(2,032)
<b>Capital expenditure</b>			
Purchase and construction of housing properties		(9,222)	(11,619)
Social housing grant received		4,034	3,304
Purchase of other fixed assets		(42)	(101)
Sales of housing properties		23	1,411
Payments to acquire investments		(200)	-
<b>Net cash outflow from investing activities</b>		(5,407)	(7,005)
<b>Net cash outflow before liquid resources and financing</b>		(5,452)	(4,055)
<b>Management of liquid resources</b>			
Cash withdrawn/(invested) from investments	27	4	(16)
<b>Financing</b>			
Loans received		6,000	5,088
Loan repayments		(422)	(363)
	27	5,578	4,725
<b>Increase in cash</b>	27	130	654

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

**NOTES TO THE FINANCIAL STATEMENTS  
31 March 2009**

**1 LEGAL STATUS**

The Association is registered under the Industrial and Provident Societies Act 1965, has charitable status and is registered with the TSA 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) 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.

The prior period adjustments reflect changes in the accounting policy for shared ownership first tranche sales under SORP 2008 and the revaluation of housing properties to Existing Use Value for Social Housing (EUV-SH). The effect of the change is shown in more detail in note 30.

FRS 17 "Retirement Benefits" has been applied. Some additional disclosures are given as required by FRS 17 (note 9).

**Turnover**

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

**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 the Social Housing Pension Scheme (SHPS), a defined benefit final salary pension scheme managed by the Pension Trust and the Pension Trust's Growth Plan (PTGP). Contributions are based on pension costs across the various participating Associations taken as a whole. The assets of the scheme are invested and managed independently of the finances of the Association.

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.

**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.

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.

## ACCOUNTING POLICIES (Continued)

### 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 (EUVS-H). 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 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:

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	25%
Freehold office buildings	2%
Office improvements	12½%
Service charge equipment	10%-33%

## **ACCOUNTING POLICIES (Continued)**

### **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

### **Properties for sale**

Shared ownership first tranche sales, completed properties for outright sale and property under construction 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.

**3a TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS**

	2009		2008	
	Turnover	Operating costs	Operating Surplus/	Operating Surplus/
	£'000	£'000	(Deficit)	(Deficit)
			£'000	£'000
<b>Social housing lettings (Note 3b)</b>	14,527	(12,000)	2,527	2,548
<b>Other social housing activities</b>				
Supporting people contract income	-	-	-	45
Development services	11	-	11	(28)
Development costs not capitalised	-	(147)	(147)	(487)
Management services	18	-	18	81
First tranche shared ownership sales	1,857	(1,258)	599	531
Other	154	(155)	(1)	(40)
	2,040	(1,560)	480	102
	16,567	(13,560)	3,007	2,650

All turnover has been derived from activities within the United Kingdom.

**3b PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS**

					2009	2008
	General needs housing	Supported housing and housing for older people	Temporary social housing	Shared ownership	Total	Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Turnover from social housing lettings</b>						
Rent receivable net of identifiable service charges	6,899	2,405	3,293	695	13,292	13,650
Service charges receivable	165	415	1	49	630	746
Charges for support services	1	213	-	-	214	210
Management fees	10	-	296	38	344	432
<b>Net rental income</b>	7,075	3,033	3,590	782	14,480	15,038
Other revenue grants	-	47	-	-	47	39
<b>Turnover from social housing lettings</b>	7,075	3,080	3,590	782	14,527	15,077
<b>Expenditure on social housing lettings</b>						
Management	1,607	1,184	693	258	3,742	3,287
Services	183	843	2	49	1,077	988
Routine maintenance	1,104	469	357	22	1,952	1,932
Planned maintenance	109	82	-	-	191	213
Major repairs expenditure	670	589	1	3	1,263	1,512
Rental payments to landlords	-	-	2,612	-	2,612	3,493
Rent waiver	-	-	9	-	9	21
Rent losses from bad debts	39	5	90	(1)	133	198
Depreciation of housing properties	491	421	-	109	1,021	596
Impairment of housing properties	-	-	-	-	-	289
<b>Operating costs on social housing lettings</b>	4,203	3,593	3,764	440	12,000	12,529
<b>Operating surplus on social housing lettings</b>	2,872	(513)	(174)	342	2,527	2,548
Void losses	23	151	159	4	337	291

**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>Number of units</b>	
	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
<b>Supported Housing</b>		
Mencap	10	10
Stonham Housing Association	3	3
MIND	23	23
OLD NHS Trust	-	7
Oxford Women's Aid	-	4
Housing from Hospital	3	3
Barnardos	7	-
Ability	3	-
	<u>49</u>	<u>50</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>2009</b>	<b>2008</b>
	<b>Unit No.</b>	<b>Unit No.</b>
<b>Social housing</b>		
General needs	1,518	1,443
Housing for older people	511	522
Supported housing	135	136
Shared ownership	305	282
Leasehold properties	29	30
Total permanent housing	<u>2,498</u>	<u>2,413</u>
Temporary housing under lease agreements	208	320
Total units in management	<u>2,706</u>	<u>2,733</u>
Accommodation in development at the year end	<u>163</u>	<u>249</u>

**6. OPERATING SURPLUS**

This is arrived at after charging:

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>Restated £'000</b>
Depreciation of housing properties	1,021	596
Impairment of housing properties	-	289
Depreciation of other tangible fixed assets	190	192
Auditors' remuneration (including VAT)		
- for audit services	14	22
- for non-audit services	-	9
	<u>1,215</u>	<u>1,098</u>

**7. INTEREST RECEIVABLE AND OTHER INCOME**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Income from listed investments	19	23
Income from other investments	40	99
	<u>59</u>	<u>122</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Loans and bank overdrafts	2,510	2,290
Other charges	45	44
	<u>2,555</u>	<u>2,334</u>
Interest payable capitalised on housing properties under construction	(266)	(259)
	<u>2,289</u>	<u>2,075</u>

Capitalisation rate used to determine the amount of finance costs capitalised during the period

<u>4.89%</u>	<u>5.96%</u>
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**9. EMPLOYEES**

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
<b>Average monthly number of employees expressed in full time equivalents:</b>		
Administration	-	19
Development	-	9
Housing support and care	58	67
	<u>58</u>	<u>95</u>
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Employee costs:</b>		
Wages and salaries	1,654	2,712
Social security costs	131	229
Other pension costs	144	302
	<u>1,929</u>	<u>3,243</u>

**a) Social Housing Pension Scheme**

Oxford Citizens Housing Association (OCHA) participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60<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.

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

OCHA has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members as at 31 March 2007 and the career average revalued earnings with a 1/60<sup>th</sup> accrual rate benefit structure for new entrants from 1 April 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2008 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate

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

During the accounting period OCHA paid contributions at the rate of 12.9% to 14.0%. Member contributions varied between 6.5% and 8.5% depending on their age.

As at the balance sheet date there were 65 active members of the Scheme employed by OCHA. The annual pensionable payroll in respect of these members was £1.8 million. OCHA continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and 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 with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

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 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 earnings with a 1/60 <sup>th</sup> accrual rate	14.9

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 Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

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 has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.

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 2008. As of this date the estimated employer debt for OCHA was £10.2 million.

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

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

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

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

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

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

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

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

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.

Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from the total scheme 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 have now been completed and will be formalised shortly. The valuation of the scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme'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

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

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (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).

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Pensions Regulator in due course. 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.

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 2008. As of this date the estimated employer debt for OCHA was £38,410.

## 10. BOARD MEMBERS AND EXECUTIVE DIRECTORS

The Chairman of the Board received remuneration of £6,611 (2008: £7,917) during the period.

Remuneration paid to other Board members in respect of the year was £19,104 (2008: £0). Expenses paid during the year to Board members amounted to £493 (2008: £1,677).

There were no Executive Directors in 2009 due to their transfer on 1 April 2008 to GreenSquare Group Limited, the ultimate parent undertaking.

Details of the emoluments of transferring directors are set out in the Financial Statements of GreenSquare Group Limited.

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Total aggregate remuneration paid to the Chairman, Board and Executive Directors was:		
Emoluments (including benefits in kind)	26	266
Pension contributions	-	36
	<u>26</u>	<u>302</u>
Compensation for loss of office	-	108
	<u>26</u>	<u>410</u>

Emoluments (excluding pension contributions) include amounts paid to the:

Chief Executive being the highest paid Director	-	104
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The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. Oxford Citizens Housing Association Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

**11. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

	Housing properties held for letting*	Housing properties under construction	Completed shared ownership housing properties	Shared ownership properties under construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2008 (as previously stated)	116,774	8,993	10,599	1,938	138,304
Prior year adjustments (see note 30)	(64,894)	-	1,337	(773)	(64,330)
At 1 April 2008 as restated	51,880	8,993	11,936	1,165	73,974
Additions	-	7,380	-	1,518	8,897
Works to existing properties	395	-	-	-	395
Transfers	68	-	(68)	-	-
Interest capitalised	-	216	-	49	265
Schemes completed in year	13,576	(13,576)	2,031	(2,031)	-
Disposals	(630)	-	(482)	(128)	(1,241)
At 31 March 2009	65,289	3,013	13,417	573	82,292
<b>Depreciation and impairment</b>					
At 1 April 2008 (as previously stated)	3,804	-	235	-	4,039
Prior year adjustment (see note 30)	(3,804)	-	(235)	-	(4,039)
At 1 April 2008 as restated	-	-	-	-	-
Charged in year	912	-	109	-	1,021
Released on disposal	(486)	-	-	-	(486)
At 31 March 2009	426	-	109	-	535
<b>Social Housing Grant</b>					
At 1 April 2008 (as previously stated)	68,686	2,026	4,248	945	75,905
Prior year adjustment (see note 29)	(68,686)	-	(4,248)	-	(72,934)
At 1 April 2008 as restated	-	2,026	-	945	2,971
Additions	-	3,909	-	125	4,034
Transfers	57	860	(57)	(860)	-
Schemes completed in year	4,551	(4,551)	210	(210)	-
Disposals	-	-	(2)	-	(2)
At 31 March 2009	4,608	2,244	151	-	7,003
<b>Other grants</b>					
At 1 April 2008 (as previously stated)	263	-	710	-	973
Prior year adjustment (see note 30)	(263)	-	(710)	-	(973)
At 1 April 2008 as restated	-	-	-	-	-
At 31 March 2009	-	-	-	-	-
<b>Net book value</b>					
At 31 March 2009	60,255	769	13,157	573	74,754
At 31 March 2008 as restated	51,880	6,967	11,936	220	71,003

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

**11. 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, as at 31 March 2008. The Group's housing properties have been valued by Countrywide Chartered Surveyors, professional external valuers. The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors as follows:

	<b>£ '000</b>
Completed properties at valuation	63,816
Housing properties under construction at cost net of SHG and other grants	7,187
	<u>71,003</u>

In valuing housing properties, discounted cash flow methodology was adopted with key assumptions:

Discount rate	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>2009</b>	<b>2008</b>
	<b>£ '000</b>	<b>£ '000</b>
Historical cost	146,764	138,304
Social housing grant	(79,937)	(75,905)
Other capital grants	(973)	(973)
Depreciation and impairment	(4,495)	(4,039)
	<u>61,359</u>	<u>57,387</u>

**Social housing grant**

	<b>2009</b>	<b>2008</b>
	<b>£ '000</b>	<b>£ '000</b>
Total accumulated SHG receivable at 31 March was:		
Capital grants	80,910	76,878
	<u>80,910</u>	<u>76,878</u>

**Expenditure on works to existing properties**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts capitalised	395	75
Amount charged to income and expenditure account	1,263	1,512
	<u>1,658</u>	<u>1,587</u>

**11. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)**

<b>All properties</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Housing properties book value, net of grant and depreciation comprise:</b>		
Freehold land and buildings	60,695	56,711
Long leasehold land and buildings	226	233
Short leasehold land and buildings	438	443
	<u>61,359</u>	<u>57,387</u>

**Impairment**

An impairment provision of £289k was made in March 2008 to reduce the carrying value of certain properties. They have been demolished and the site is being redeveloped.

**12. TANGIBLE FIXED ASSETS - OTHER**

	<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>Cost</b>			
At 1 April 2008	1,933	1,054	2,987
Additions	-	42	42
Disposals	-	(34)	(34)
	<u>1,933</u>	<u>1,062</u>	<u>2,995</u>
At 31 March 2009	1,933	1,062	2,995
	<u>1,933</u>	<u>1,062</u>	<u>2,995</u>
<b>Depreciation</b>			
At 1 April 2008	499	704	1,203
Charged in year	31	159	190
Disposals	-	(34)	(34)
	<u>530</u>	<u>829</u>	<u>1,359</u>
At 31 March 2009	530	829	1,359
	<u>530</u>	<u>829</u>	<u>1,359</u>
<b>Net book value</b>			
At 31 March 2009	1,403	233	1,636
	<u>1,403</u>	<u>233</u>	<u>1,636</u>
At 31 March 2008	1,434	350	1,784
	<u>1,434</u>	<u>350</u>	<u>1,784</u>

**13. FIXED ASSET INVESTMENTS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Shares in Group undertakings at 31 March 2009 and 2008	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.

**14. HOUSING PROPERTIES FOR SALE**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>Restated</b>
		<b>£'000</b>
Shared Ownership properties completed	239	331
Shared Ownership properties under construction	128	773
	<u>367</u>	<u>1,104</u>

**15. DEBTORS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year</b>		
Rent and service charges receivable	1,487	1,498
Less: Provision for bad and doubtful debts	(924)	(966)
	<u>563</u>	<u>532</u>
Other debtors	639	837
Prepayments and accrued income	223	462
Amounts owed from Group undertakings	1,624	-
	<u>3,049</u>	<u>1,831</u>

**16. CURRENT ASSET INVESTMENTS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Investments listed on a recognised stock exchange	328	403
	<u>328</u>	<u>403</u>

The listed investments are held at market value. The historical cost of these investments at 31 March 2009 was £402,109 (2008: £406,663).

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 19)	431	688
Trade creditors	563	901
Rent and service charges received in advance	326	346
Social Housing Grant received in advance	50	-
Other taxation and social security	38	87
Other creditors	2,029	3,329
	<u>3,437</u>	<u>5,351</u>

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

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans (note 19)	47,075	41,245
Recycled capital grant fund (note 20)	25	91
Sinking funds for Leasehold schemes	177	137
Loan stock	5	5
Other long term creditors	5	5
	<u>47,287</u>	<u>41,483</u>

Housing loans are stated after the deduction of £425,008 (2008: £420,449) 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 as follows:

**19. HOUSING LOANS ANALYSIS**

Loans are repayable as follows:	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	431	688
Between one and two years	961	697
Between two and five years	3,247	2,480
After five years	42,867	38,068
	<u>47,506</u>	<u>41,933</u>

**20. RECYCLED CAPITAL GRANT FUND**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2008	91	188
Grants recycled	1	42
Interest accrued	-	1
Combined with allocations of SHG	(67)	(140)
Balance at 31 March 2009	<u>25</u>	<u>91</u>

**21. PROVISIONS FOR LIABILITIES AND CHARGES**

	Restructuring £'000	Properties £'000	Total £'000
At 1 April 2008	119	74	193
Released in the year	<u>(119)</u>	<u>(24)</u>	<u>(143)</u>
At 31 March 2009	<u>-</u>	<u>50</u>	<u>50</u>

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.

The restructuring provision made in 2008 was in respect of redundancy costs as a result of organisation changes. The provision has been fully utilised by 31 March 2009.

**22. NON EQUITY SHARE CAPITAL**

	2009 £	2008 £
<b>Shares of £1 each issued and fully paid</b>		
At 1 April 2008	28	32
Shares issued during the year	2	-
Shares surrendered during the year	-	(4)
At 31 March 2009	<u>30</u>	<u>28</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.

**23. RESERVES**

	Hunts Close Reserve (Designated) £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total £'000
As at 1 April 2008 as previously stated	52	-	16,627	16,679
Prior year adjustment (see note 30)	-	11,390	3,330	14,720
At 1 April 2008 -restated	<u>52</u>	<u>11,390</u>	<u>19,957</u>	<u>31,399</u>
Surplus for the year	-	-	715	715
Revaluation adjustment	-	(123)	-	(123)
Transfers	(1)	(79)	80	-
At 31 March 2009	<u>51</u>	<u>11,188</u>	<u>20,752</u>	<u>31,991</u>

**24. FINANCIAL COMMITMENTS**

Capital expenditure commitments are as follows:	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for but not provided in the accounts	9,648	17,551
Expenditure authorised by the Board, but not contracted	458	1,832
	<u>10,106</u>	<u>19,383</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>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	321	743
One to five years	2,913	3,051
	<u>3,234</u>	<u>3,794</u>

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

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

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>Restated</b>
		<b>£'000</b>
Operating surplus	3,007	2,650
Depreciation of tangible fixed assets	<u>1,211</u>	<u>1,077</u>
	4,218	3,727
<b>Working capital movements</b>		
Stock	738	(184)
Debtors	(1,282)	(31)
Creditors	<u>(1,234)</u>	<u>1,470</u>
<b>Net cash inflow from operating activities</b>	<u>2,440</u>	<u>4,982</u>

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

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>Restated</b>
		<b>£'000</b>
Increase/(decrease) in cash	130	654
Cash (inflow)/outflow in liquid resources	(4)	16
Cash inflow from change in debt	(5,578)	(4,725)
Non cash movements	<u>(66)</u>	<u>8</u>
<b>Change in net debt from cash flows</b>	<u>(5,518)</u>	<u>(4,047)</u>
Net debt at 1 April 2008	<u>(39,234)</u>	<u>(35,187)</u>
<b>Net debt at 31 March 2009</b>	<u>(44,752)</u>	<u>(39,234)</u>

**27. ANALYSIS OF DEBT**

	<b>1 April 2008 £'000</b>	<b>Cash flow £'000</b>	<b>Non cash movement £'000</b>	<b>31 March 2009 £'000</b>
Cash at bank and in hand	2,301	130	-	2,431
Current asset investment	403	(4)	(71)	328
	<u>2,704</u>	<u>126</u>	<u>(71)</u>	<u>2,759</u>
Loans	(41,933)	(5,578)	5	(47,506)
Loan stock	(5)	-	-	(5)
<b>Changes in debt</b>	<u>(41,938)</u>	<u>(5,578)</u>	<u>5</u>	<u>(47,511)</u>
<b>Changes in net debt</b>	<u>(39,234)</u>	<u>(5,452)</u>	<u>(66)</u>	<u>(44,752)</u>

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

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

	<b>2009 £'000</b>	<b>2008 £'000</b>
Sterling	<u>2,759</u>	<u>2,704</u>
	<u>2,759</u>	<u>2,704</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>2009 £'000</b>	<b>2008 £'000</b>
Floating rate	525	288
Fixed rate	<u>1,985</u>	<u>2,002</u>
Total	<u>2,510</u>	<u>2,290</u>

The debt maturity profile is shown in note 19.

The sterling fixed rate financial liabilities have a weighted average interest rate of 5.10% (2008: 5.72%) and the weighted average period for which it is fixed is 8 years (2008: 9 years).

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

**Fair values of financial assets and liabilities**

	<b>2009</b>		<b>2008</b>	
	<b>Book value £'000</b>	<b>Fair value £'000</b>	<b>Book value £'000</b>	<b>Fair value £'000</b>
Financial assets	2,833	2,759	2,711	2,704
Short-term financial liabilities and current portion of long-term borrowings	(431)	(431)	(688)	(688)
Long-term borrowings	(47,075)	(47,075)	(41,245)	(41,245)

Fair values have been calculated using interest rates ruling at the balance sheet dates. At 31 March 2009, the Association had undrawn loan facilities of £14 million (2008: £20 million). Since the year end, the Association has not redeemed any loans (2008: £Nil).

## 29. RELATED PARTIES

There are four tenant members of the Board, Nickie Harrison, Nicola Holden, Eleanor Thompson and Monique Audifferen (to 6 April 2009). Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

John Jackson, a Board member, 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 £140,000 (2008: £208,000).

## 30. PRIOR YEAR ADJUSTMENTS

The prior year adjustments reflect the change in accounting for shared ownership first tranche sales in accordance with SORP 2008 and the move to a valuation basis for housing properties. The previous SORP recommended that first tranche sale proceeds should be credited against shared ownership housing properties classified as fixed assets.

The SORP 2008 treatment requires an appropriate proportion of development costs representing first tranche development to be accounted for as current assets and the related sales proceeds shown in turnover. The remaining proportion of property development costs are accounted for as fixed assets with any subsequent sale treated as a disposal of the fixed asset.

The effect of the change in accounting policy is an increase in the association's turnover for the year ending 31 March 2008 of £1,793,000, and increase in operating costs of £1,296,000 with a consequent increase in operating surplus of £497,000. The cumulative effect on reserves is an increase of £3,330,000.

	<b>Cumulative prior year adjustment to 31 March 2007 £'000</b>	<b>Prior year adjustment for 2007/08 £'000</b>	<b>Cumulative prior year adjustment to 31 March 2008 £'000</b>
<b>Shared ownership first tranche sales</b>			
Turnover - proceeds of first tranche sales	7,876	1,793	9,669
Operating Costs	(5,043)	(1,296)	(6,339)
Surplus	<u>2,833</u>	<u>497</u>	<u>3,330</u>
<b>Revenue reserves</b>			
Revenue reserves as at 31 March as previously stated	7,870		16,627
Add: surplus on first tranche shared ownership sales	2,833	497	3,330
Revenue reserves at 31 March as restated	<u><u>10,703</u></u>		<u><u>19,957</u></u>

The prior year adjustment to current asset balances for the association for the year ended 31 March 2008 is an increase of £1,104,000, being the transfer of the shared ownership first tranche proportion from fixed assets to current assets.

OCHA have also changed to the Group accounting policy for valuation of housing properties to Existing Use Value for Social Housing (EUV-SH) from historic cost basis. A full stock valuation was undertaken 31 March 2008 creating a revaluation reserve of £11,390,000.

The impact of the prior year adjustments on all housing property balances is shown below:

**30. PRIOR YEAR ADJUSTMENTS (Cont'd)**

	<b>Housing Properties held for letting</b>	<b>Housing Properties under constructi on</b>	<b>Completed shared ownership housing properties</b>	<b>Shared ownership properties under constructi on</b>	<b>Total</b>
<b>Tangible fixed assets</b>					
<b>NBV</b>					
At 31 March 2008 as previously stated	44,021	6,967	5,406	993	57,387
Add: accumulated first tranche surpluses from prior years	-	-	3,330	-	3,330
Add: revaluation adjustment	7,859	-	3,531	-	11,390
Less: first tranche amounts held as current assets	-	-	(331)	(773)	(1,104)
At 31 March 2008 as restated	<u>51,880</u>	<u>6,967</u>	<u>11,936</u>	<u>220</u>	<u>71,003</u>

**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

*housing people – building communities*

**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

PART OF



GreenSquare