

Aashyana Housing Association Limited
Financial Statements

2008/09



Aashyana
Housing Association



Part of Affinity Sutton

AASHYANA HOUSING ASSOCIATION LIMITED

Report of the Board and Financial Statements for the year ended 31 March 2009



INDUSTRIAL & PROVIDENT SOCIETY NO. 28083R
CHARITABLE STATUS
HOUSING CORPORATION NO. LH4392

CONTENTS

	Page No.
Board, Executive and Advisers	3
Report of the Board	4 - 7
Report of the Independent Auditors, KPMG LLP, to the Members of Aashyana Housing Association limited	8 -9
Income and Expenditure Account	10
Statement of Recognised Surpluses and Deficits	10
Note of Historical Cost Surpluses and Deficits	11
Balance Sheet	12
Notes on the Financial Statements	13 - 26

BOARD, EXECUTIVE AND ADVISERS

Board

Shaheen Chaudhry (Chairman)	(appointed as Chairman 1 st September 2008)
Sanjeev Ahuja	
Steve Durnell	(appointed 3 rd November 2008)
Michael Herring	
Darshan Singh Matharoo	(appointed 1 st November 2008)
Terence May	(appointed 1 st November 2008)
Peter Trahar	(appointed 3 rd November 2008)
Richard Vann Jones	
Abdul Wahab	(retired as Chairman and board member 22 nd July 2008)

Chief Executive

Michelle Reynolds

Company Secretary

Rod Ainsworth

Registered Office

2 Pritchard Street
Portland Place
St. Pauls
Bristol
BS2 8RH

Principal Solicitors

Trowers & Hamlins LLP
Sceptre Court
40 Tower Hill
London
EC3N 4DX

Bankers

NatWest Bank plc
Eastville (Bristol) Branch
PO Box 246
443 Stapleton Road
Eastville
BS99 5AZ

Auditors

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

REPORT OF THE BOARD

Aashyana Housing Association Limited ("Aashyana") presents its report and audited financial statements for the year ended 31 March 2009.

Operating and Financial Review

Overview

The principal activity of the Association is the provision and management of affordable rented accommodation largely to the black and minority ethnic communities of Bristol. It is regulated by the Tenant Services Authority and is charitable. It is a subsidiary of William Sutton Housing Association Limited ("William Sutton") and is a member of Affinity Sutton Group Limited ("Affinity Sutton"). It manages 79 homes which it owns, and manages a further 85 homes on behalf of other housing associations including William Sutton.

In addition to providing housing, Aashyana supports Bristol's South Asian communities through providing a Community Outreach Service which offers advice and support to the community. It is supported in this work by significant financial contributions from William Sutton in the form of a subsidy. In addition, William Sutton provides long-term loans to enable Aashyana to develop and acquire housing stock.

All day to day activity is conducted under the direction of the Association's Board. The Association has adopted a range of key strategies and policies of Affinity Sutton which provide a framework for its operational activities. Its budget and business plan are approved annually by the Board of Affinity Sutton.

Operating Performance in the Year

	2008/09	2007/08
	%	%
Rent arrears as a percentage of gross debt	7.6	3.8
Rent loss from voids	4.2	5.7

At the end of the year a decline in the operational performance in regard to rent arrears can be observed. Though the rent arrears are sensitive to the payment cycle of Housing Benefits negative affecting the number reported per 31 March with 2%. Further focus has been given to the arrears and is reported in June 2009 to a much improved level of 3.4%.

Financial Performance in the Year

The Income and Expenditure Account shows a surplus for the year to 31 March 2009 of £60,000 (2008: £221,000). Operating surplus is £245,000 (2008: £380,000) based on Turnover of £751,000 (2008: £873,000). The year on year reduction in turnover and operating surplus is due to the reduced level of financial contribution from the parent. There is no longer a requirement for William Sutton to subsidise Aashyana's day to day operations. However, it continues to provide a loan facility of £5 million, of which £3.2m is drawn at a subsidised rate of 6%.

In addition to the William Sutton grant, there was an increase in the number of homes in the management of the Association. William Sutton's subsidy amounted to £127,000 (2008:£393,000). Operating costs have increased to £506,000 (2008: £493,000).

Interest payable is up slightly at £194,000 (2008: £191,000) is in line with the terms of the loan from William Sutton, its parent.

REPORT OF THE BOARD (CONTINUED)

Approach to Treasury Management

Treasury Management strategy, policy and services are provided by Affinity Sutton, through its Group Treasury Committee. Long term debt to finance property development and purchase is provided by William Sutton.

Governance

The Board of Management at Aashyana is comprised of Non-Executive Directors drawn from a wide background bringing together professional skills, local experience and support from William Sutton in line with the requirements of the Board. Members of the Aashyana Board are non-remunerated.

The Board is responsible for the overall strategy and policy of the Association and meets formally 5 times each year to consider and monitor performance. Day to day performance management is delegated to the Chief Executive and Managers.

The work of the Board is supported by the Affinity Sutton Group's Audit, Finance and Performance, Treasury and Remuneration Committees.

Shareholders are admitted to ensure there is a proper balance between independent Board members, local authority members and tenants according to the Rules. The Board is reviewing its policies and objectives for admitting new shareholders.

During 2008/09 the Affinity Sutton Group undertook a review of its governance arrangements which included annual appraisals of non-executive board members and a cyclical in-house board member training programme.

Group Operating Companies are currently considering proposals to simplify the Affinity Sutton Group's governance structure by combining its three large charitable subsidiaries with the Group parent to create a single legal entity.

The Board's Responsibilities in Respect of the Board Report and the Financial Statements

The Board is responsible for preparing financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Association, and of the surplus or deficit for that period.

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
- State whether any applicable accounting standards 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 Association 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 its members to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. It also has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

REPORT OF THE BOARD (CONTINUED)

The Board is responsible for the maintenance and integrity of the information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board members who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware, and that each Board member has taken all the steps that he or she ought to have taken as a Board member to make himself or herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The Association's System of Internal Control

Responsibility

The Board is responsible for ensuring that sound systems of internal control exist in Aashyana which focus on the significant risks that threaten its ability to meet its objectives, and provide reasonable assurance for the safeguarding of assets.

The key means of identifying, evaluating and managing the systems of internal control are:

- a. the existence of suitable governance arrangements;
- b. adherence to financial regulations and delegated authorities;
- c. policies and procedures for key areas of the business;
- d. a Group level Health and Safety function;
- e. an appropriate management structure;
- f. formal risk management arrangements, which involve the assessment of all major business risk and action plans to mitigate the worst effects of those risk;
- g. an Internal Audit function provided by Affinity Sutton structured to deliver the Group Audit Committee's three-year risk-based strategic audit plan, quality assurance and value for money;
- h. business planning, budgeting and budgetary control arrangements;
- i. regulatory requirements; and
- j. a Group-wide policy and procedure for dealing with suspected fraud and whistle blowing.

The Group Chief Executive, Aashyana Chief Executive and other senior managers have reviewed the internal control and assurance arrangements by reference to checks on the above and have reported to the Board on the effectiveness of the control systems. The Board has expressed its satisfaction with these arrangements.

Status

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

REPORT OF THE BOARD (CONTINUED)

Going Concern

After reviewing the Association's budget for 2009/10, and based on normal strategic business planning and control procedures, the Board has a reasonable expectation that Aashyana Housing Association Limited has adequate resources to continue in operational existence for the foreseeable futures.

Auditors

KPMG LLP have expressed their willingness to continue in office. Accordingly a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

Shaheen Chaudhry
Chairman
8 July 2009

REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF AASHYANA HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Aashyana Housing Association Limited for the year ended 31 March 2009 which comprises the Income and Expenditure Account, the Balance Sheet, the Statement of Total recognised gains and Losses, the note of Historical cost surpluses and deficits and the related notes. These financial statements 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 Schedule 1 paragraph 16 to the Housing Act 1996 and 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 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 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 responsibility of the association's Board for the preparation of the Board's report and the preparation of financial statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities on pages 5 and 6.

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 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

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

REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF AASHYANA HOUSING ASSOCIATION LIMITED -CONTINUED

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31 March 2009 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

KPMG LLP

Chartered Accountants & Registered Auditor
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

8 July 2009

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £000	2008 £000
Turnover	2	751	873
Operating costs	2	<u>(506)</u>	<u>(493)</u>
Operating surplus	2	245	380
Interest receivable and other income		9	32
Interest payable and similar charges	5	<u>(194)</u>	<u>(191)</u>
Surplus on ordinary activities before taxation	6	60	221
Tax on surplus on ordinary activities	7	-	-
		<u> </u>	<u> </u>
Surplus for the year		<u>60</u>	<u>221</u>

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £000	2008 Restated £000
Surplus for the year		60	221
Revaluation	14	261	209
		<u> </u>	<u> </u>
Total recognised surplus for the year		<u>321</u>	<u>430</u>
Total recognised surplus related to the year (as above)		321	
Prior year adjustment relating to a change in shared ownership accounting on Income and Expenditure account	18	88	
on Revaluation	18	<u>(88)</u>	
Total surplus recognised since the last annual report		<u>321</u>	

A prior year adjustment relating to shared ownership (note 18) gave rise to a surplus of £88,000, of which nil relates to 2008 and £88,000 relates to 2007 and previous.

The notes on pages 13 to 26 form part of these financial statements

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £'000	2008 £'000
Reported surplus on ordinary activities before taxation		60	221
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	14	<u>1</u>	<u>1</u>
Historical cost surplus on ordinary activities before taxation		<u>61</u>	<u>222</u>
Tax on surplus on ordinary activities		<u>-</u>	<u>-</u>
Historical cost surplus for the year after taxation		<u>61</u>	<u>222</u>

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009 £000	2008 Restated £000
Tangible fixed assets			
Housing properties	8	3,685	3,429
Non housing fixed assets	9	<u>1</u>	<u>6</u>
Total tangible fixed assets		3,686	3,435
Current assets			
Debtors	10	42	241
Cash at bank and in hand		<u>530</u>	<u>320</u>
		572	561
Creditors: amounts falling due within one year	11	<u>(98)</u>	<u>(158)</u>
Net current assets		474	403
Total assets less current liabilities		<u>4,160</u>	<u>3,838</u>
Creditors: amounts falling due after more than one year	12	3,229	3,228
Capital and reserves			
Share capital	13	-	-
Revaluation reserve	14	468	208
Restricted reserves	14	-	57
Income and expenditure account	14	463	345
		<u>4,160</u>	<u>3,838</u>

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

Shaheen Chaudry
Chairman

Steve Durnell
Board Member

Rod Ainsworth
Secretary

8 July 2009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and with the Statement of Recommended Practice 2008 "Accounting by Registered Social Landlords" and the Accounting Requirements for Registered Social Landlords General Determination 2006. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Aashyana Housing Association financial statements.

Turnover

Turnover represents rental and service charge income receivable from housing properties and revenue grants.

Tangible Fixed Assets - Housing Properties

Completed housing properties are shown on the Balance Sheet at valuation. Full revaluations are carried out annually. The aggregate surplus or deficit on the property revaluation is transferred to a Revaluation Reserve. On the disposal of properties held at valuation, the amount relating to the revaluation is realised by the transfer of such amount to the Income and Expenditure Reserve account from the Revaluation Reserve.

Development administration costs are allocated to capital schemes based on staff time directly attributable to each scheme. Interest on net borrowings to the extent that it relates to the financing of a development is capitalised up to the date of practical completion. Expenditure on improvements to properties, together with associated costs is added to the cost of each scheme where the works result in an enhancement of economic benefit to the property.

Housing properties are depreciated on a straight line basis over their expected useful economic life at an annual rate of 1% on valuation as determined by professional valuers, except in the case of improvement and leasehold properties, where depreciation is charged as follows:

Improvements to Leasehold Properties	10 years
Leasehold property	over the life of the lease

First Tranche disclosure

The group has adopted the accounting treatment per the SORP 2008 such that:

- SO properties are split proportionally between current and fixed assets based on the first tranche proportion;
- First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover; and
- The remaining element of the SO property is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset.

Impairment

For assets with a remaining economic life greater than 40 years an impairment review is carried out on an annual basis in accordance with FRS 11. For those with a lower economic life an impairment review is undertaken when there is an indication the asset may be impaired. An impairment charge is taken to the Income and Expenditure Account when it is assessed that the holding value of a fixed asset is higher than the net realisable value or the value in use, in which case the higher of these two values is taken.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 - CONTINUED

1. Accounting policies (continued)

Other Tangible Fixed Assets and Depreciation

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on the reducing balance method over the expected useful economic lives of the assets. These are:

Computers	4 years
Furniture and equipment	6 to 10 years

Cash Flow Statement

Under FRS1 (revised 1996) the Association is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent undertaking which are available to the public.

Social Housing Grant

Most developments are financed partly by Social Housing Grant (SHG). The amount of SHG received is shown separately from the cost of development.

Major Repairs Grant receivable in respect of revenue expenditure is treated as a revenue grant and credited to the Income and Expenditure Account.

SHG received in advance of construction work costs is only shown as a current liability when the total received is greater than the cost of work in progress on the development programme.

SHG is treated as a grant for accounting purposes. In certain circumstances, such as when a vacant property is sold, or a tenanted property sold under the Voluntary Purchase Grant Scheme, regulations require that the grant element of the proceeds is recycled through the Grant Recycling Funds or Disposals Proceeds Fund.

Repairs and Maintenance

Repair costs are regarded as expenditure on works to replace the existing fabric of the building. In some instances the modern day replacement will have an element of improvement over the original item, but this is regarded as insignificant for accounting purposes and is not capitalised unless it adds significantly to the value of the property.

Operating Leases

Rental due on operating leases is charged to the Income and Expenditure Account.

Pension Costs

The Association participates in a defined benefit pension scheme administered by The Pensions Trust. Contributions payable for the year are charged in the income and expenditure account.

Restricted Reserves

The Restricted Reserve represents funds administered by the Association in connection with a project funded by the Lotteries Board.

Taxation

The Association is exempt from corporation tax on its charitable activities.

Value Added Tax

The Association is not registered for Value Added Tax.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 - CONTINUED

2. Turnover, cost of sales, operating costs and operating surplus

a. Particulars of turnover, cost of sales, operating costs and operating surplus

	Turnover £'000	2009 Operating costs £'000	Operating surplus £'000	2008 Turnover £'000	2008 Operating surplus £'000
Social housing activities					
Income and expenditure from social housing lettings	608	(444)	164	409	(37)
Total	608	(444)	164	409	(37)
Other social housing activities					
Outreach Service	45	(62)	(17)	68	21
Total	45	(62)	(17)	68	21
Total social and other housing activity	653	(506)	147	477	(16)
Non social housing activity					
Other	98	-	98	396	396
Total Social and Non Social Housing	751	(506)	245	873	380
Interest receivable			9		32
Interest payable			(194)		(191)
Surplus on ordinary activities before taxation			60		221

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

2. Turnover, cost of sales, operating costs and operating surplus

b. Particulars of income and expenditure from social housing lettings

	General Needs Housing	Total 2009	Total 2008
	£'000	£'000	£'000
Rent	592	592	412
Charges for Support Services	-	-	-
Service charges	34	34	27
Gross rents receivable	626	626	439
Rent losses from voids	(26)	(26)	(30)
Net rents receivable	600	600	409
Miscellaneous Income	8	8	-
Total income from social housing lettings	608	608	409
Expenditure on social housing lettings			
Services	(31)	(31)	(27)
Management	(195)	(195)	(193)
Routine maintenance	(69)	(69)	(53)
Rent losses from bad debts	(17)	(17)	2
Major repairs expenditure	(13)	(13)	(67)
Depreciation on Housing Properties	(5)	(5)	(5)
Rent paid on managed properties	(114)	(114)	(103)
Operating Costs on social housing lettings	(444)	(444)	(446)
Operating surplus / (deficit) on social housing lettings	164	164	(37)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

3. Directors' emoluments

The directors are defined for the purpose of emoluments as the chief executive, any person with the title of director and any person reporting directly to the chief executive or directly to the Board.

The emoluments were as follows:

	2009	2008
	£000	£000
Emoluments (including compensation for loss of office and benefits in kind)		
Non Executive Directors	-	-
Executive Directors	11	15
Pension contributions - in respect of services as directors	-	-
	<u>11</u>	<u>15</u>

Salary costs of Chief Executive are re charged from the parent company, William Sutton Housing Association.

	2009	2008
	£000	£000
Highest paid director	<u>11</u>	<u>15</u>
Pension contributions of the highest paid director	<u>-</u>	<u>-</u>
Expenses reimbursed to directors not chargeable to United Kingdom income tax	<u>-</u>	<u>-</u>

4. Employee information

The average monthly number of persons including executive directors employed during the year was:

	2009	2008
	Number	Number
Full time equivalent	<u>2</u>	<u>3</u>
Staff Costs:	£'000	£'000
Wages and salaries	58	77
Social security costs	6	7
Pension costs (Note 19)	<u>9</u>	<u>12</u>
	<u>73</u>	<u>96</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

5. Interest payable and similar charges

	2009 £000	2008 £000
Interest on parent company loans	<u>194</u>	<u>191</u>

6. Surplus on ordinary activities before taxation

	2009 £000	2008 £000
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation of housing properties	5	5
Depreciation of other tangible fixed assets	5	5
Auditors' remuneration:		
In capacity as auditors	4	4
Other revenue grants	(31)	(68)

7. Taxation

Analysis of charge in period

UK Corporation Tax

	2009 £'000	2008 £'000
Current tax on income for the period	-	7
Adjustment in respect of prior periods	-	(7)
Total current tax charge	<u>-</u>	<u>-</u>
Tax charge on surplus on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the period:

The current tax charge for the period is 28% (2008: 30%), the standard rate of Corporation Tax in the UK. The differences are explained below.

	2009 £'000	2008 £'000
Current tax reconciliation		
Surplus on ordinary activities before tax	<u>60</u>	<u>221</u>
Current tax at 28% (2008: 30%)	17	66
Effects of:		
Adjustment in respect of prior period	-	-
Charitable surpluses not taxed	(17)	(66)
Total Current tax charge (see above)	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

8. Tangible fixed assets

Housing Property

	Housing Properties £'000	Shared Ownership Properties £'000	Total £'000
Cost/Valuation			
At 1 April 2008	8,996	279	9,275
Surplus on prior year adjustment shared ownership sales (note 18)		88	88
Revaluation (note 18)		(88)	(88)
Restated cost as at 1 April 2008	8,996	279	9,275
Revaluation	238	18	256
At 31 March 2009	9,234	297	9,531
Social Housing Grant			
At 1 April 2008 and 31 March 2009	(5,846)	-	(5,846)
Depreciation			
At 1 April 2008	-	-	-
Charge for year	(4)	(1)	(5)
Revaluation	4	1	5
At 31 March 2009	-	-	-
Net book value as at 31 March 2009	3,388	297	3,685
Restated Net book value as at 31 March 2008	3,150	279	3,429
Net book value of housing assets at 31st March 2009 is represented by:			
Gross cost	9,007	279	9,286
Social Housing Grant	(5,846)	-	(5,846)
Revaluation surplus	227	18	245
	3,388	297	3,685
Housing Properties comprise			
		2009	2008
		£'000	£'000
Freeholds		3,660	3,404
Long Leaseholds		25	25
		3,685	3,429

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

8. Tangible fixed assets - (continued)

- (a) The total accumulated Social Housing Grant received and receivable at 31st March was £5,846,000 being capital grants. (2008: £5,846,000).
- (b) Drivers Jonas has also reviewed and reported on an appropriate residual land value for the Group's housing stock, which in turn determines the annual housing property depreciation charge. The specific residual land value is estimated at 85% by Drivers Jonas (2008: 85%).
- (c) A valuation was carried out as at 31 March 2009 by Drivers Jonas, the Group's professional external valuer. The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Model. The valuation method discounts the cashflow from rental income less management and repairs expenditure to their present value using a discount rate. The discount rates applied to rental income range from 5.25% to 8.00%, but 5.50% has been applied to the core rental stock. The rental income growth assumption is in line with the Group's rent plan to meet target rents by 2012 under the rent restructuring regime and thereafter assumes growth of +0.5% above inflation per annum.

9. Non-housing fixed assets

	Office Equipment £'000
Cost	
At 1 April 2008 and 31 March 2009	66
Depreciation	
At 1 April 2008	(60)
Charge for year	(5)
At 31 March 2009	(65)
Net book value as at 31 March 2009	1
Net book value as at 31 March 2008	6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

10. Debtors

	2009 £000	2008 £000
Amounts falling due within one year		
Rents and service charge	58	30
Provision for bad debt	<u>(18)</u>	<u>(5)</u>
	40	25
Amounts due from Group undertakings	-	200
Revenue grants receivable	-	11
Other debtors	<u>2</u>	<u>5</u>
	<u>42</u>	<u>241</u>

11. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Rent and service charges received in advance	-	14
Trade creditors	1	-
Accruals and deferred income	81	110
Amounts due to Group undertakings	<u>16</u>	<u>34</u>
	<u>98</u>	<u>158</u>

12. Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Amount due to parent company	<u>3,229</u>	<u>3,228</u>

The company owes a total of £3,245,000 (2008: £3,262,000) to its parent company, William Sutton Housing Association. The amount is split between falling due in less than one year of £16,000 (2008: £34,000) and greater than one year of £3,229,000 (2008: £3,228,000). The amount falling due in less than one year is due for repayment on demand. The remaining balance due after more than one year is drawn from a £5m loan facility where interest is charged at a fixed rate of interest of 6%. The loan is repayable over 25 years on an annuity basis with an initial five year capital repayment holiday and is secured by fixed charges on the underlying properties.

13. Share Capital

	2009 £	2008 £
Shares of £1 allotted, issued and fully paid		
At the beginning and end of the year	20	20
Net movement during the year	<u>4</u>	<u>-</u>
At the end of the year	<u>24</u>	<u>20</u>

The shares held by members are classified as non-equity under Financial Reporting Standard 4. Each share carries voting rights but not rights to dividends or distributions on winding up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

14 Reserves

	Revaluation Reserve £'000	Restricted Reserve £'000	Income and Expenditure Account £'000	Total £'000
At 1 April 2008	296	57	257	610
Surplus on shared ownership first tranche sales	-	-	88	88
Revaluation	(88)	-	-	(88)
At 1 April restated	208	57	345	610
Surplus for the year	-	-	60	60
Revaluation	261	-	-	261
Transfer from Restricted Reserve	-	(57)	57	-
Transfer of depreciation relating to revaluation	(1)	-	1	-
At 31 March 2009	468	-	463	931

15 Capital commitments

The Association had no capital commitments at year end (2008: £nil).

16. Legislative provisions

Aashyana Housing Association Limited is a charitable Industrial and Provident Society registered with the Financial Services Authority under number 28083R. It is also a registered social landlord with the Housing Corporation under reference number L4392.

17. Accommodation owned and managed

Number of units	General Needs Housing	Shared Ownership	Total
At 1 April 2008	123	9	132
Movement in year	32	-	32
At 31 March 2009	155	9	164

	2009 Units	2008 Units
Owned and managed	79	79
Managed on behalf of others	85	53
Total	164	132

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

18. Prior year adjustment

The prior year adjustment reflects a change in the accounting for shared ownership first tranche sales. Under the SORP for Registered Social landlords 2005 shared ownership sales of property was treated as follows:

- All shared ownership (SO) properties were classified as fixed assets
- Proceeds from first tranche disposals credited against the cost of SO properties, and
- Surplus/deficit on second and subsequent tranche SO sales were as accounted for in the Income & Expenditure Accounts as differences between the net sale proceeds and the carrying value.

Changes to this accounting treatment are outlined in the revised SORP 2008 such that:

- SO properties are split proportionally between current and fixed assets based on the first tranche proportion
- First tranche proportions must be accounted for as a current assets and the related sales proceeds shown in turnover and,
- The remaining element of the SO property must be accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset.

Aashyana Housing Association have adopted the accounting treatment and is satisfied that related calculations are comprehensive and that the calculation of cost is consistent and fair for each sales unit. The cross subsidy calculations are also a fair reflection and are similar to the EUV SH per unit in the yearend valuation.

The effect of the adoption of SORP 2008 is stated below.

Balance sheet

(a) Completed Shared Ownership housing properties

	Cumulative adjustments to 1 April 2007 £'000	Prior year adjustments to 2007/2008 £'000	Cumulative adjustments to 31 March 2008 £'000
Completed fixed asset shared ownership housing properties as at 1 April as previously stated (note 8)	180		279
Add: accumulated first tranche sales from prior years	495	-	495
Less: accumulative cost of first tranche sales	(407)	-	(407)
Accumulated first tranche surplus from prior year	88	-	88
Less: first tranche amounts held in stock			-
Total prior year adjustment before revaluation	88	-	88
Less Revaluation	(88)		(88)
Total prior year adjustment	-	-	-
Completed fixed asset shared ownership housing properties as at 1 April as restated (note 8)	<u>180</u>		<u>279</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

18. Prior year adjustment - continued

Reserves

(b) Income and expenditure account

	Cumulative adjustments to 1 April 2007 £'000	Prior year adjustments to 2007/2008 £'000	Cumulative adjustments to 31 March 2008 £'000
Opening accumulated surplus	26		257
Surplus on first tranche shared ownership sales	88		88
Total prior year adjustment to accumulated surplus Completed fixed asset shared ownership housing properties as at 1 April as restated (note 8)	88	-	88
	<u>114</u>		<u>345</u>

(c) Revaluation reserve

	Cumulative adjustments to 1 April 2007 £'000	Prior year adjustments to 2007/2008 £'000	Cumulative adjustments to 31 March 2008 £'000
Opening accumulated surplus	180		279
Revaluation adjustment	(88)	-	(88)
Income and expenditure reserves	<u>180</u>		<u>208</u>

(d) Shared Ownership first tranche sales

	Cumulative adjustments to 1 April 2007 £'000	Prior year adjustments to 2007/2008 £'000	Cumulative adjustments to 31 March 2008 £'000
Turnover - proceeds of first tranche sales	495	-	495
Cost of sales Amounts previously capitalised transferred to cost of sales	(407)	-	(407)
Surplus	<u>88</u>	-	<u>88</u>

The adoption of this policy had no effect in the income and expenditure for the year ended 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

19. Pensions

Aashyana Housing Association participates in SHPS, a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. It is not possible to analyse the ongoing funding deficit by individual employer because of the nature of SHPS. SHPS is a multi – employer scheme where :

- The assets of the entire SHPS are pooled for investment purposes.
- Benefits are paid from the total scheme assets and
- The contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience.

As a result of this it is not possible to breakdown scheme assets by participating employer and accordingly it is not possible to analyse the on-going funding deficit by individual employer.

Accordingly, because of the nature of the scheme, the accounting charge for the period under FRS 17 represents the employer contribution payable. The employer contributions over the period were £8,520.

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 latest 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 70%. The next full actuarial valuation is expected to be carried out as at 30 September 2011.

As at the balance sheet date there were 2 active members of the scheme employed by the Association. The Association continues to offer membership of the scheme to its employees.

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

	% per annum
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

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement - PA92 Year of Birth, long cohort projection, minimum improvement 1% per annum

Mortality post-retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% per annum

During the accounting period the Association paid contributions at the rate of 14.1%. Member contributions varied between 2.9% and 8.4% depending on age.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 – CONTINUED

19. Pensions – (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 eighteen months after the valuation date.

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, that is 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 buyout 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 buyout market. The amounts of debt can therefore be volatile over time.

20. Related parties

Tenants who are members of the Board have tenancies which are on normal terms, and as such their position does not afford them any additional benefits over other tenants.

21. Ultimate parent company

The Association is a subsidiary undertaking of William Sutton Housing Association which is incorporated in England and Wales as an Industrial and Provident Society.

The ultimate holding and controlling entity is Affinity Sutton Group Limited a company registered in Great Britain under the Industrial and Provident Societies Act 1965. Registration number 28038R.

Aashyana Housing Association Limited

Registered office:
2 Pritchard Street
Bristol BS2 8RH
T: 0117 939 3911

www.aashyana.co.uk