

# United Housing Association Limited

## ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2011

# United Housing Association Limited

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# United Housing Association Limited

BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

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## **Board**

Chair	J Vernon
Company Secretary	E Brown
Other Members	I Harries L Khandker G Reid-Bailey J Anderson S Phanda L Blackwood (Co-optee) G Joyner (Co-optee to July 2011)

## **Executive Officers**

Chief Executive	E Brown
Deputy Chief Executive	E Rowberry
Head of Housing Services	C Mosse
Head of Property Services	V Farrow

**Registered Office** 3<sup>rd</sup> Floor, New Bond House, Bond Street, Bristol BS2 9AG

**Auditor** Baker Tilly UK Audit LLP  
Hartwell House  
55 – 61 Victoria Street  
Bristol  
BS1 6AD

**Solicitors** Maclay, Murray & Spens  
10 Foster Lane  
London  
EC2V 6HH

**Bankers** National Westminster Bank PLC  
32 Corn Street  
Bristol BS99 7UG

Registered as a charitable housing association under the Industrial and Provident Societies Acts No. 25495R.

Registered by the TSA No. L3758.

# United Housing Association Limited

## MISSION STATEMENT AND CORPORATE OBJECTIVES

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### MISSION

To provide homes and services that enhance the quality of people's lives.

### VISION

To be the best BME service provider, focusing on people and communities.

### VALUES

#### **Putting customers first**

We listen to what our residents and other key stakeholders say so that we can learn, change and improve continuously.

#### **Respecting diversity**

We celebrate difference and aim to provide culturally sensitive services.

#### **Improving quality of life**

We work in partnership with others to provide good quality services and build positive communities.

#### **Pursuing excellence**

We strive to achieve high performance and provide services that offer value for money.

#### **Valuing staff**

We invest in our staff and provide a great working environment.

### CORPORATE OBJECTIVES

We have determined five key priorities for UHA over the life of the current Business Plan, which are set out below:

#### 1. **Excellent Customer Service**

*To be the first choice association for customers by providing responsive and excellent customer services to diverse communities.*

#### 2. **Organisational Strength**

*To develop strong governance, effective management and financial strength in order to maintain long term viability, stability and independence.*

#### 3. **Business Growth**

*To expand and diversify in order to provide and manage homes and services for people.*

#### 4. **Sustainable Communities**

*To sustain and regenerate neighbourhoods by strengthening and developing strong links with the diverse communities and stakeholders in our areas of operation.*

#### 5. **Excellence**

*To strive for excellence and make best use of skills and resources in order to achieve continued business success.*

# United Housing Association Limited

## CHAIR'S STATEMENT

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I am pleased to present the Association's accounts for the year ended 31 March 2011.

The year ending 31 March 2011 has seen an unprecedented amount of work as we focussed on completing our Towards Excellence Plan alongside Business Plan objectives. The Board, staff and residents continued to work together to shape priorities for the present and a vision for the future. Results are now incorporated into our Business Plan and we continue to work to embed our vision and improve services throughout the Association.

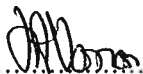
In developing its effective governance strategy, the Board has recruited a new board member with commercial and financial expertise and co-opted the Chair of the Customer Panel in order to create effective communication links with residents and to ensure their views are a major contributor to decision making.

Given the current financial climate, we are pleased to have been awarded a 'deep green' light for viability by our regulator, the Tenant Services Authority and continue to work closely with residents to ensure a value for money approach to all we do. This has been especially useful as we assessed performance against the regulatory standards, feeding in improvements into the Towards Excellence Plan.

In the coming year we will continue to improve standards in partnership with residents, build an effective co-regulatory approach and extend our focus into the communities in which we work as we continue to strive to be the best BME provider of homes and services, focussing on people and communities.

The Board and staff team at United remain fully committed to the aims and objectives of the Association and would like to thank our partners and other stakeholders for their continued support.

I am extremely grateful to my colleagues on the Board for their dedication and support and extend my thanks to residents for working so willingly with us in shaping our approach and especially staff for working so diligently over the past year.



.....  
Jenny Vernon  
Chair

Date: 14-07-2011

# United Housing Association Limited

## REPORT OF THE BOARD

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

### Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is a registered social landlord.

### Principal activities

United Housing Association (“the Association”) is a not-for-profit organisation administered by a voluntary board of management (“the Board”). The Association operates from Bristol with properties managed in Bristol, Bath, South Gloucestershire and Swindon.

The Association’s principal activities are the development and management of affordable housing. An operational review of the year’s activities is set out on page 9.

### Performance for the year

The Association achieved an overall surplus for the year of £355k (2010: £465k), which has been transferred to the Association’s reserves.

The Association is committed to generating sufficient reserves to pursue its core objectives and to meet the following requirements:

- maintaining the Association’s housing properties in a sound state of repair;
- financing long term loan repayments;
- providing a cushion against risk and future uncertainties;
- ensuring rents are affordable; and
- subsidising new schemes and developments.

### Board members and Executive Officers

The present members of the Board and the Executive Officers of the Association are set out on page 2. The changes in membership of the Board during the year as set out below:

<b>Board Member</b>	<b>Resigned</b>
S Britton	March 2011

### Tenant Board Members

During the year there was one Board Member who was a tenant of the Association and rent was charged to that member on the Association’s standard terms. In addition, the Chair of the tenant led Customer Panel has been co-opted onto the Board since March 2010. Tenant Board Members are unable to use their position to their advantage.

The Executive Officers are the Chief Executive and any other person who is a member of the Senior Management Team. The Executive Officers hold no interest in the Association’s shares and act as executives within the Authority delegated by the Board.

The Association has insurance policies which indemnify its Board Members and Executive Officers against liability when acting for the Association.

# United Housing Association Limited

## REPORT OF THE BOARD *(continued)*

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### **Remuneration**

#### ***Policy***

The Remuneration Committee, comprising the chair, and two board members, is responsible for considering the Association's remuneration for its Executive Officers.

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

The Board Members currently receive no remuneration.

#### ***Pensions***

The Executive Officers are members of the Pensions Trust final salary scheme. They participate in the scheme on the same terms as all other eligible staff. The Association contributes to the scheme on behalf of those of its employees who are eligible to join the scheme and have elected to do so.

#### ***Other benefits***

The Executive Officers are entitled to certain other benefits such as the provision of car allowance.

#### ***Service contracts***

The Executive Officers are employed on the same terms as other staff except for the Chief Executive who has a separate service contract with the Association. The notice period for all Executive Officers is three months.

Full details of the Chief Executive remuneration package and the highest paid director are set out in note 8 to the audited financial statements.

### **Employees**

The strength of the Association lies in the quality and commitment of its employees. Our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on the contribution of employees throughout the Association.

The Association continues to provide information on the Association's objectives, progress and activities through regular office and departmental meetings. The Association provides training and seeks employees' views on how to improve services and on matters of common concern.

### **Health and safety**

The Board is aware of its responsibilities relating to health and safety. The Association has a health and safety policy and training is carried out on health and safety matters.

### **NHF Code of Governance**

We are pleased to report that the Board has completed a review of the NHF Code of Governance. It has agreed an effective governance strategy and developed an action plan to address areas of non-compliance and is committed to good governance.

We report how we seek to achieve good housing association governance on the next page.

# United Housing Association Limited

## REPORT OF THE BOARD *(continued)*

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### **Board**

The Board comprises up to 7 non-executive members and 2 co-opted members. The Board is responsible for managing the affairs of the Association. It meets, formally, four times a year for regular business with the Executive Officers in attendance and holds additional meetings during year to consider strategic issues and how well the Association's objectives are met.

The Board is responsible for the Association's strategy and policy framework. It delegates the day to day management and implementation of that framework to the Chief Executive and the Executive Team.

### **Committees**

The current governance structure was reviewed in November 2010 and the following committees are in place with members drawn from the Board:

- Audit Committee;
- Remuneration Committee.

### **Internal control**

The Board acknowledges its responsibilities for the Association's system of internal control. It should be recognised that such a system is designed to provide reasonable, but not absolute assurance, regarding the safeguarding of assets, maintenance of proper accounting records and the reliability of financial information.

The following mechanisms are in place, which are designed to provide effective internal control:

- clearly defined management and reporting structures;
- careful recruitment and training programmes;
- financial regulations, standing orders and policies;
- management information and accounting systems with quarterly reporting of financial results and other performance indicators compared with forecasts;
- rolling five-year strategic plans, forecasts and development plans; and
- Risk Management Strategy.

The Board has appointed internal auditors to supplement these mechanisms and carry out an annual review of their operation.

The Board, through the reports of the Audit Committee, has reviewed the effectiveness of the system of internal control for the year under review and is annually reviewed by the Board. No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

The Board has conducted a review and made enquiries of the Executive Team and other senior managers to inform its view on the effectiveness of United Housing's internal controls. The results of the Board's review are the basis of this statement. The Board confirms that:

- The Board has continued its progress towards a comprehensive system of internal control throughout the 2010/11 financial year.
- On the basis of the information it received during the year, the Board has substantial assurance that the Association is effectively working towards its corporate plan objectives.
- The Board also recognises that the Association is working towards compliance of the TSA Regulatory framework requirements relating to six new standards of Tenant Involvement and Empowerment, Home, Tenancy, Neighbourhood & Community, Value for Money and Governance and Financial Viability. Further measures will be introduced in 2011/12 to consolidate the system of internal control.

# United Housing Association Limited

## REPORT OF THE BOARD *(continued)*

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### **Statement of the responsibilities of the Board for the financial statements**

The Industrial and Provident Societies Act and the Registered Social Landlord legislation require that the Board prepare financial statements for each year, which give a true and fair view of the state of affairs of the Association and of the surplus for that period. In preparing those financial statements the Board are required to:

- select suitable accounting policies and applied them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts on a 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 them to ensure that the accounts comply with the Industrial and Provident Societies Acts 1965 to 2002, paragraph 17 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination to 2006. They are also responsible for maintaining an adequate system of internal control and safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Provision of information to the Auditor**

The members of the Board who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members of the Board have confirmed that they have taken all of the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Post balance sheet events**

The Board considers that there have been no events since the financial year-end, which have had an important affect on the financial position of the Association.

### **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. 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<sup>th</sup> September 2011.

### **Auditor**

The auditor, Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

The report of the Board was approved on 14 July 2011 and signed on its behalf by:



.....  
Eileen Brown  
Company Secretary

Date: 14 - 07 - 2011 .....

# United Housing Association Limited

## OPERATIONAL REVIEW

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### Turnover

Turnover for the year increased by £121k (2.6%) as a result of planned rent increases and an increase in the average number of housing units owned and managed over the financial year.

Loss of rent and service charge income through void properties and bad debts was £96k for the year at 2.1% of relevant income (2010: 1.3%). Of this £25k is attributable to rent lost, which is 0.5% of the relevant income (2010: 0.6%).

### Units in Management

Units in Management increased from 1,012 at the start of the year to 1,031 at 31 March 2011 (1.9%). The increase was mainly due to additional managed properties in Bristol taken on by United during the financial year.

### Operating Costs

Operating costs have increased by 8.7%, this has been the result of strategic investment in property and service delivery during the year including delivery of United's Towards Excellence Plan. Within operating costs is the depreciation charge of £256k (2010: £244k), which represents the use by the Association of its housing and other assets. The total expenditure on repairs and maintenance amounted to £1,531k (2010: £1,482k), which represents an increase of 3.3% in the investment to maintain the quality of the Association's properties. The above investment is in line with the Association's Asset Management Strategy and Business Plan. We also undertook a stock condition survey during the year and confirmed compliance with the Decent Homes Standard for our properties.

### Interest

Interest paid for the year increased by 1% to £756k (2010: £749k). This continues to be affected by the low interest rate environment. These low interest rates affect the Association's variable loans which make up 37% of the loans outstanding at year-end.

### Surplus for the year

The surplus for year is £355k (2010: £465k), after surplus on sale of properties, which is transferred to Revenue Reserves.

### Tangible Fixed Assets

During the year the Association continued to work on its in house development programme. This programme will continue during 2011/2012 with the acquisition of leased properties, and outright purchase of properties.

### Cash flow

The Association's cash holding increased by £97k in the year.



.....  
Eileen Brown  
Chief Executive

Date: ...14-07-2011...

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED HOUSING ASSOCIATION LIMITED

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We have audited the financial statements of United Housing Association Limited for the year ended 31 March 2011 on pages 11 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with 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 auditor**

As explained more fully in the Board's Responsibilities Statement set out on page 8, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

## **Opinion on financial statements**

In our opinion the financial statements:

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

## **Matters on which we are required to report by exception**

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

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

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Hartwell House  
55-61 Victoria Street  
Bristol, BS1 6AD

Date: *4 August 2011*

**United Housing Association Limited**  
**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 March 2011

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	Note	2011 £000's	2010 £000's
Turnover: continuing activities	2	4,719	4,598
Operating costs	2	(3,675)	(3,381)
<b>Operating Surplus: continuing activities</b>	2&5	<u>1,044</u>	<u>1,217</u>
Profit/(Loss) on sale of fixed assets		53	(9)
Interest Receivable		14	6
Interest Payable and similar charges	6	(756)	(749)
<b>Surplus for the financial year</b>	17	<u><u>355</u></u>	<u><u>465</u></u>

There are no recognised gains or losses other than those included in the income and expenditure account.

Results for the year relate entirely to continuing operations.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

# United Housing Association Limited

## BALANCE SHEET

as at 31 March 2011

	Note	2011 £000's	2010 £000's
<b>Tangible Fixed Assets</b>			
Housing Properties	9	47,460	47,090
Social Housing Grant	9	(26,675)	(26,152)
		<u>20,785</u>	<u>20,938</u>
Other tangible fixed assets	10	247	91
		<u>21,032</u>	<u>21,029</u>
<b>Current assets</b>			
Debtors	11	743	603
Cash at bank and in hand		1,241	1,144
		<u>1,984</u>	<u>1,747</u>
<b>Creditors: amounts falling due within one year</b>	12	(1,525)	(1,635)
<b>Net current assets</b>		<u>459</u>	<u>112</u>
<b>Total assets less current liabilities</b>		<u>21,491</u>	<u>21,141</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>17,866</u>	<u>17,871</u>
<b>Capital and reserves</b>			
Non-equity share capital	16	-	-
Revenue Reserve	17	3,625	3,270
<b>Association's funds</b>	17	<u>3,625</u>	<u>3,270</u>
		<u>21,491</u>	<u>21,141</u>

The financial statements were approved by the Board and authorised for issue on 14 JULY 2011 and signed on its behalf by:



Jenny Vernon  
Chair



Ian Harries  
Audit Committee Chair



Eileen Brown  
Company Secretary

# United Housing Association Limited

## CASH FLOW STATEMENT

for the year ended 31 March 2011

	Note	2011 £000's	2010 £000's
<b>Net cash inflow from operating activities</b>	19	1,254	1,551
<b>Returns on investments and servicing of finance</b>			
Interest received		14	6
Interest paid		(752)	(749)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(738)	(743)
<b>Capital expenditure</b>			
Purchase of housing properties from other associations		(339)	(661)
Purchase of other fixed assets	10	(194)	(36)
Disposals of housing properties		81	221
Capital grants received		-	303
<b>Net cash outflow from capital expenditure</b>		(452)	(173)
<b>Financing</b>			
Loans received		600	500
Loans repaid		(567)	(512)
<b>Net cash inflow/(outflow) from financing</b>		33	(12)
<b>Increase in cash</b>	20	97	623

# United Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

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### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements of the Association are prepared under the historical cost convention in accordance with applicable accounting standards and the Statement of Recommended Practice for Accounting by registered social landlords (SORP) and comply with the Accounting Requirements for registered social landlords General Determination 2006.

#### **Turnover**

Turnover comprises rental income receivable in the year from tenants and leaseholders; other fees and services supplied in the year, included at the invoiced value (excluding VAT) and grants from local authorities and the HCA. Income is recognised when it falls due.

#### **Pensions**

The cost of providing retirement pensions and related benefits is charged to management expenses as incurred.

The Association participates in the Pensions Trust defined benefit final salary pension scheme. 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.

Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pensions costs are spread evenly through the income and expenditure account over the average remaining service lives of current employees.

The Scheme's actuary has advised that it is not possible to separately identify the assets and liabilities relating to United Housing Association Limited for the purposes of FRS17 disclosure.

#### **Housing properties**

Housing properties are properties available for rent and are stated at cost less depreciation and Social Housing Grant. Cost includes the costs of acquiring land and buildings, direct and indirect development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements which increase the future net income stream.

#### **Properties under construction**

Properties under construction are accounted for using the actual costs incurred up to the year end date. In accordance with the Housing SORP certain costs that are incurred as incremental to the development are capitalised as part of these construction costs.

# United Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

for the year ended 31 March 2011

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### 1. ACCOUNTING POLICIES (*continued*)

#### **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 depreciable amount is arrived at on the basis of original cost, less SHG and other grants, less residual value (being the actual or estimated open market value of the land at the date of purchase). The Association's housing properties are depreciated at the following rates from 1 April 1999, no depreciation is provided on land.

New build	-	over 80 years
Rehabilitated	-	over 60 years

The exception to this is for properties held for letting under long term leases from other Registered Social Landlords (RSL). The terms of these leases are such that the Association has an option to purchase these properties at the stated cost price at any point during the duration of the lease. If this is not exercised then at the termination of the lease the property will vest back to the other RSL. No capital repayments are made under the lease term.

#### **Sale of Housing Property**

Sales of housing property are taken into account on completion. Where houses are sold, the surplus or deficit in the income and expenditure account is calculated by comparing sale proceeds and the carrying amounts.

The surplus or deficit on the sale of the initial tranche of shared ownership properties is calculated comparing the sale proceeds and the proportion of the carrying value, in line with the SORP.

#### **Other tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives on the following bases:

Fixtures, furniture and equipment	5 – 10 years
Computer equipment and software	5 years
Office adaptations	in accordance with the remaining lease term.

#### **Social Housing Grant**

Social Housing Grant (SHG) is receivable from the HCA and utilised to reduce the capital costs of housing properties. The amount of SHG receivable is in accordance with the HCA's grant rates which are set on a fixed basis depending on the size, location and type of housing property. SHG due from the HCA or received in advance is included as a current asset or liability. SHG is subordinate in respect of loans by agreement with the HCA. In the event that a property with SHG is sold then the SHG will become repayable or may be recycled according to HCA rules.

#### **Other grants**

These include grants from local authorities and other organisations. The capital costs of housing properties are stated net of grants receivable on these properties. 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.

# United Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2011

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### 1. ACCOUNTING POLICIES *(continued)*

#### **Cyclical Repairs and Maintenance**

The actual costs of cyclical repairs and maintenance are charged to the income and expenditure account as incurred.

#### **VAT**

The Association is registered for Value Added Tax (VAT), but a large proportion of its income, including rents, is exempt for VAT purposes and the majority of its expenditure is subject to VAT that cannot be reclaimed. Expenditure is therefore shown inclusive of VAT. The Association will endeavour to recover VAT wherever possible and this is credited to the income and expenditure account.

#### **Supporting People Income and Expenditure**

Income in relation to Supporting People is included as part of the service charges eligible for housing benefit figure within turnover and is separately disclosed. Expenditure attributable to Supporting People is calculated in proportion to the income included within the service charges eligible for housing benefit and is separately disclosed.

#### **Interest payable**

Interest payable is charged to the income and expenditure account in the period it is incurred.

#### **Capitalisation of interest**

Interest on the mortgage loan financing a development is capitalised up to the date of practical completion of the scheme.

#### **Leased assets**

Rentals payable under operating leases are charged to the income and expenditure account as incurred.

#### **Reserves**

The Association has decided to simplify its accounting for reserves in recognition of the limited use of having specific reserves other than the restricted reserves required under statute. The Association's business plan is the key tool for planning for future expenditure and within this it is ensured that sufficient funds are generated to meet its future anticipated spending needs.

#### **Taxation**

Due to the Association's charitable status, there is no liability to corporation tax. Capital gains tax arises on the sale of properties to the open market and an appropriate provision is made in the accounts where this arises.

#### **Bad debts**

Provision is made against current tenant arrears and against sundry debts to the extent that they are considered irrecoverable. No provision is made against arrears that have arisen due to the delayed processing of Housing Benefit claims. Full provision is made against former tenant arrears.

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 March 2011

**1. ACCOUNTING POLICIES** *(continued)*

**Development Income**

Development income is recognised when received from the Strategic Alliance Partners. Due to timing differences involved in the various developments, this will not accurately match the costs incurred by United Housing in a particular year. A new Strategic Alliance agreement has been agreed with the Partners.

**Disposal proceeds fund**

Net disposal proceeds calculated in the manner determined under Section 24 of the Housing Act 1996 are included in creditors, due within one year or due after more than one year as appropriate.

**Recycled capital grant fund**

Where the Association is allowed to retain for specific purposes any social housing grant following the disposal of housing property, such amount is included in creditors, due within one year or due after one year as appropriate.

**2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	Turnover £000's	Operating costs £000's	2011 Operating surplus £000's	Turnover £000's	Operating costs £000's	2010 Operating surplus £000's
<b>Income and expenditure</b>						
From lettings	4,577	(3,459)	1,118	4,494	(3,241)	1,253
Supporting people	32	(38)	(6)	35	(35)	-
	<u>4,609</u>	<u>(3,497)</u>	<u>1,112</u>	<u>4,529</u>	<u>(3,276)</u>	<u>1,253</u>
<b>Other income and expenditure</b>						
Management services	36	(111)	(75)	-	(42)	(42)
Floating support	64	(65)	(1)	64	(57)	7
Development income	-	(2)	(2)	-	(6)	(6)
Other income	10	-	10	5	-	5
	<u>4,719</u>	<u>(3,675)</u>	<u>1,044</u>	<u>4,598</u>	<u>(3,381)</u>	<u>1,217</u>
<b>Operating surplus analysed</b>						
Lettings (note 3)			1,112			1,253
Other			(68)			(36)
			<u>1,044</u>			<u>1,217</u>

The surplus before tax attributable to each class of income is the same as its operating surplus.

# United Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2011

### 3. INCOME AND EXPENDITURE FROM LETTINGS

	General housing £000's	Supported housing and housing for older people £000's	2011 £000's	2010 £000's
Income from lettings				
Rent receivable net of identifiable service charges	4,249	98	4,347	4,269
Service charges receivable	228	27	255	254
Supporting people	-	32	32	35
	<u>4,477</u>	<u>157</u>	<u>4,634</u>	<u>4,558</u>
Gross rents receivable	4,477	157	4,634	4,558
Less: rent losses from voids	(22)	(3)	(25)	(29)
	<u>4,455</u>	<u>154</u>	<u>4,609</u>	<u>4,529</u>
Expenditure on letting activities				
Services	(358)	(38)	(396)	(390)
Supporting people	-	(38)	(38)	(35)
Management	(761)	(9)	(770)	(653)
Routine maintenance	(684)	(27)	(711)	(893)
Planned and cyclical maintenance	(765)	(55)	(820)	(589)
Rent losses from bad debts	(69)	(2)	(71)	(28)
Property lease charges	(473)	-	(473)	(474)
Depreciation of housing properties	(211)	(7)	(218)	(214)
	<u>(3,321)</u>	<u>(176)</u>	<u>(3,497)</u>	<u>(3,276)</u>
Total expenditure on lettings	(3,321)	(176)	(3,497)	(3,276)
Operating surplus on lettings	<u>1,134</u>	<u>(22)</u>	<u>1,112</u>	<u>1,253</u>

### 4. ACCOMMODATION IN MANAGEMENT

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

	2011 No.	2010 No.
Owned		
General needs	768	761
Housing for older people	26	26
Shared ownership	27	28
Rent to Home buy	9	9
	<u>830</u>	<u>824</u>
Total owned	830	824
Leased		
General needs – over 30 years	168	175
General needs – less than 30 years	-	-
	<u>168</u>	<u>175</u>
Total leased	168	175
Managed		
General needs	31	11
Rent to Home buy	2	2
	<u>33</u>	<u>13</u>
Total managed	33	13
Total accommodation in management	<u>1,031</u>	<u>1,012</u>

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 March 2011

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**5. OPERATING SURPLUS**

This is arrived at after charging:

	2011 £000's	2010 £000's
Depreciation of housing properties	218	214
Depreciation of other tangible fixed assets	38	30
Operating lease rentals - social housing properties	473	474
- other land and buildings	57	46
Auditor's remuneration (including VAT):		
Baker Tilly UK Audit LLP – Audit services	9	9
Baker Tilly Tax and Accounting Limited – Taxation services	1	1
	<u>          </u>	<u>          </u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £000's	2010 £000's
Interest on loans repayable in more than five years by instalments	756	749
	<u>          </u>	<u>          </u>

**7. EMPLOYEES**

Average monthly number of employees (actual and full time equivalents):

	2011 No.	2010 No.
Administration	9	8
Housing	13	10
Floating support	4	3
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

	2011 £000's	2010 £000's
Staff costs:		
Wages and salaries	640	562
Social security costs	56	46
Other pension costs	58	53
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

# United Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

for the year ended 31 March 2011

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### 7. EMPLOYEES (*continued*)

#### **PENSION OBLIGATIONS NOTE – SHPS SCHEME**

The Association participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state pension 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 1/60th accrual rate, to March 2007. From April 2007 there are three benefit structures available, namely:

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

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

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

A defined contribution benefit structure will be made available from 1 October 2010.

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

The Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2007 and the final salary with a 1/70th accrual rate benefit structure for new entrants from 1 April 2007. This does not reflect any benefit structure changes made from April 2010.

The Trustee commissions an actuarial valuation of the Scheme every 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 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

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

During the accounting period the Association paid contributions at the rate of 7.4% to 8.9%. Member contributions varied between 6.4% and 9.3% depending on their age.

As at the balance sheet date there were 16 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £414k. The Association continues to offer membership of the Scheme to its employees.

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2011

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**7. EMPLOYEES (continued)**

**PENSION OBLIGATIONS NOTE – SHPS SCHEME**

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 69.7%.

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

	%pa
Valuation Discount Rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and 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%p.a.  
Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%p.a.

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
Final salary with a 1/80 <sup>th</sup> accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80 <sup>th</sup> accrual rate	11.9

# United Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### for the year ended 31 March 2011

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#### 7. EMPLOYEES *(continued)*

##### **PENSION OBLIGATIONS NOTE – SHPS SCHEME** *(continued)*

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 is currently in the process of reviewing the Recovery Plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

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

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2011

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**7. EMPLOYEES (continued)**

**PENSION OBLIGATIONS NOTE – SHPS SCHEME (continued)**

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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for the Association was £1,037k.

The Chief Executive is a member of the Social Housing Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. United Housing Association Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

**8. BOARD MEMBERS AND EXECUTIVE DIRECTORS**

None of the board members received emoluments. Expenses paid during the year to board members amounted to £15,843 (2010: £8,715). The aggregate amount of emoluments (including benefits in kind) paid to or receivable by the Executive Officers during the year was £222k (£205k), made up as follows:

	<b>Salary £000’s</b>	<b>Benefits in kind £000’s</b>	<b>Pension Contributions £000’s</b>	<b>2011 Total £000’s</b>	<b>2010 Total £000’s</b>
Executive Officers	210	-	12	222	205

The Chief Executive is the highest paid executive. The emoluments of the Chief Executive, excluding pension contributions, in the year were £70,125. Pension contributions were made of £4,722.

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** (*continued*)  
for the year ended 31 March 2011

**9. TANGIBLE FIXED ASSETS – PROPERTIES**

Housing properties	Housing properties held for social letting £000's	Other housing properties £000's	Shared ownership properties £000's	Total £000's
<b>Cost</b>				
At 1 April 2010	46,783	1,134	791	48,708
Additions	616	-	23	639
Disposals	(4)	-	(47)	(51)
	<u>47,395</u>	<u>1,134</u>	<u>767</u>	<u>49,296</u>
<b>Depreciation</b>				
At 1 April 2010	1,601	9	8	1,618
Charged in year	210	7	1	218
Disposals	-	-	-	-
	<u>1,811</u>	<u>16</u>	<u>9</u>	<u>1,836</u>
<b>Net book value</b>				
At 31 March 2011	<u>45,584</u>	<u>1,118</u>	<u>758</u>	<u>47,460</u>
At 31 March 2010	<u>45,182</u>	<u>1,125</u>	<u>783</u>	<u>47,090</u>
	Housing properties held for social letting £000's	Other housing properties £000's	Shared ownership properties £000's	Total £000's
Social Housing Grant				
At 31 March 2011	<u>26,146</u>	<u>319</u>	<u>210</u>	<u>26,675</u>
At 1 April 2010	<u>25,595</u>	<u>319</u>	<u>238</u>	<u>26,152</u>
The total accumulated Social Housing Grant at 31 March was:			2011 £000's	2010 £000's
Capital Grants			<u>26,675</u>	<u>26,152</u>
The book value of housing properties, net of grant and depreciation, comprises:			2011 £000's	2010 £000's
Land and buildings for social letting			19,438	19,587
Other properties			799	806
Shared ownership properties			548	545
			<u>20,785</u>	<u>20,938</u>

The book value includes land value of £7m (2010: £7m) which is not depreciated.

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2011

**10. TANGIBLE FIXED ASSETS – OTHER**

	Housing furniture & equipment £000's	Office furniture & equipment £000's	Total £000's
<b>Cost</b>			
At 1 April 2010	108	290	398
Additions	20	174	194
	<hr/>	<hr/>	<hr/>
At 31 March 2011	128	464	592
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>			
At 1 April 2010	64	243	307
Charged in year	11	27	38
	<hr/>	<hr/>	<hr/>
At 31 March 2011	75	270	345
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>			
At 31 March 2011	53	194	247
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2010	44	47	91
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**11. DEBTORS**

	2011 £000's	2010 £000's
Due within one year:		
Rents and service charges receivable	316	308
Less: provisions for bad and doubtful debts	(185)	(160)
	<hr/>	<hr/>
	131	148
Other debtors	323	119
Prepayments and accrued income	289	336
	<hr/>	<hr/>
	743	603
	<hr/> <hr/>	<hr/> <hr/>

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

	2011 £000's	2010 £000's
Debt (note 15)	403	494
Trade creditors	165	228
Rents and service charges received in advance	110	108
Other taxation and social security	12	17
Other creditors	446	193
Disposal proceeds fund (note 14)	96	215
Accruals and deferred income	293	380
	<hr/>	<hr/>
	1,525	1,635
	<hr/> <hr/>	<hr/> <hr/>

# United Housing Association Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2011

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### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £000's	2010 £000's
Debt (note 15)	17,735	17,611
Disposal proceeds fund (note 14)	57	214
Recycled capital Grant Fund	74	46
	<hr/>	<hr/>
	17,866	17,871
	<hr/> <hr/>	<hr/> <hr/>

### 14. CREDITORS: DISPOSAL PROCEEDS FUND

	2011 £000's	2010 £000's
Opening grant	429	321
Grants recycled	(280)	108
Interest accrued	4	-
	<hr/>	<hr/>
	153	429
	<hr/> <hr/>	<hr/> <hr/>

The disposal proceeds fund is due for repayment as follows:

	2011 £000's	2010 £000's
Due within one year	96	215
Due after more than one year	57	214
	<hr/>	<hr/>
	153	429
	<hr/> <hr/>	<hr/> <hr/>

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2011

**15. DEBT ANALYSIS**

	2011 £000's	2010 £000's
<b>Due within one year</b>		
Bank loans	352	427
Housing corporation loans	51	67
	403	494
<b>Due after more than one year</b>		
Bank loans	16,196	15,998
Housing corporation loans	1,539	1,613
	17,735	17,611
<b>Debt is repayable by instalments as follows:</b>		
Due within one year	403	494
Between one and two years	424	482
Between two and five years	1,483	1,650
After five years	15,828	15,479
	18,138	18,105

**Bank loans**

The bank loans (including the former Housing Corporation loans) are secured by specific charges on the Association's properties. The Yorkshire Bank fixed loans are fixed for period ending between 2011 and 2013, with the final instalment of the loans being paid in 2024. The Britannia fixed loans are fixed for periods ending between 5 and 10 years; the final instalments will be paid in 2040. The former Housing Corporation fixed loans are fixed for periods ending between 1 and 13 years.

Contained within Long Term Creditors are three loans which have interest rates fixed forward to guard against rises in future interest rates. A loan totalling £1,464,061 and currently attracting an interest rate of 0.7% above LIBOR has been fixed at a rate of 5.43% from December 2013 onwards. A loan totalling £258,566 and currently attracting an interest rate of 0.7% above LIBOR has been fixed at a rate of 4.31% from November 2011 onwards. A loan totalling £968,158 and currently attracting an interest rate of 0.9% above LIBOR has been fixed at a rate of 5.16% from July 2013 onwards.

A fair value cannot be reliably assigned to these interest rate fixes.

Details of the loans outstanding as at 31 March 2011 are as follows:

Lender	Nature	Rate as at 31 March 2011	Repayment arrangements
Orchardbrook (former Housing Corporation loans)	Fixed	9.75% - 15.0%	Half yearly instalments
Orchardbrook (former Housing Corporation loans)	Deferred	1.81%	Half yearly instalments
Yorkshire Bank	Fixed	7.27% - 9.1%	Monthly instalments
Yorkshire Bank	Variable	1.2%	Monthly instalments
Britannia Building Society	Fixed	3.62% - 6.15%	Quarterly instalments
Britannia Building Society	Variable	1.05%	Quarterly instalments

**United Housing Association Limited**  
 NOTES TO THE FINANCIAL STATEMENTS *(continued)*  
 for the year ended 31 March 2011

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**16. NON EQUITY SHARE CAPITAL**

	2011 £000's	2010 £000's
<b>Allotted, issued and fully paid</b> 40 / 39 shares of £1 each	-	-
	<u>          </u>	<u>          </u>

One share were issued during the year. The total value of shares issued and paid is £40 (2010: £39). 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.

**17. RESERVES AND MOVEMENTS IN ASSOCIATION'S FUNDS**

	2011 £000's	2010 £000's
Opening association's reserves	3,270	2,805
Surplus for the year	355	465
Closing association's reserves	<u>3,625</u>	<u>3,270</u>

**18. FINANCIAL COMMITMENTS**

**Operating leases**

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

	2011 £000's	2010 £000's
Social housing properties, leases expiring after more than ten years	472	460
Land and buildings, leases expiring between five and ten years	33	46
	<u>          </u>	<u>          </u>

**United Housing Association Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 March 2011

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

	2011 £000's	2010 £000's
Operating surplus	1,044	1,217
Depreciation of tangible fixed assets	256	244
	<hr/>	<hr/>
Working capital movements	1,300	1,461
Movement in Debtors	(140)	55
Movement in Creditors	94	35
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>1,254</u>	<u>1,551</u>

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

	2011 £000's	2010 £000's
Increase in cash	97	623
Cash (outflow)/inflow from movement in debt	(33)	12
	<hr/>	<hr/>
Movement in net debt	64	635
Opening net debt	(16,961)	(17,596)
	<hr/>	<hr/>
Closing net debt	<u>(16,897)</u>	<u>(16,961)</u>

**21. ANALYSIS OF NET DEBT**

	1 April 2010 £000's	Cashflow £000's	Non-cash changes £000's	31 March 2011 £000's
Cash at bank and in hand	1,144	97	-	1,241
Loans	(18,105)	(33)	-	(18,138)
	<hr/>	<hr/>	<hr/>	<hr/>
Net debt	<u>(16,961)</u>	<u>64</u>	<u>-</u>	<u>(16,897)</u>

**22. CONTINGENT LIABILITIES**

Contained within accruals is an amount of £20,000 provided for an ongoing legal dispute with the Association. This is the best estimate of costs expected to be incurred.