



AKSA HOUSING ASSOCIATION LIMITED

(Industrial and Provident Society No 27003)

REPORT

&

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2008

AKSA HOUSING ASSOCIATION LIMITED

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AKSA HOUSING ASSOCIATION LIMITED

MEMBERS, SENIOR STAFF, ADVISORS, BANKERS AND LEAD FUNDERS

Board of Management

Chair	Aslam Khan
Vice-Chair	Abdul Quayum
Other Members	Joseph Oliver Nasim Ullah Khan Anjam Shahzad Asghar Ali Helen Smith Habibar Rahman Sajjad Hussain Elaine Davies Ken Heap Iram Nisar Nasir Ilyas Wizarat J Siddiqi

Group Chief Executive Ian Munro

Executive Officers

Group Director of Finance & Deputy Chief Executive	Martin Frost
Group Company Secretary & Director of Legal Services	Danny McLoughlin
Managing Director of Aksa	Sajjad Hussain

Registered Office Aksa House
2 Media Square
Phoenix Street
Oldham
OL1 1AN

Registered by the Housing Corporation (LH3917)

Auditors **BAKER TILLY UK AUDIT LLP**
Brazenose House
Lincoln Square
Manchester
M2 5BL

Internal Auditors

Beever & Struthers
St Georges House
215-219 Chester Road
Manchester
M15 4JE

Principal Bankers

National Westminster Bank PLC
212 Middleton Road
Chadderton
Oldham
OL9 6BH

Funders

Royal Bank of Scotland
Housing Finance
5th Floor
135 Bishopsgate
London
EC2M 3UR

Dexia Public Finance Bank
Shackleton House
4 Battle Bridge Lane
London
SE1 2RB

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2008

The Board of Management presents its annual report and the audited accounts for the year ended 31st March 2008.

PRINCIPAL ACTIVITIES

The Association's aim is to provide and manage high quality housing at an affordable cost to meet a wide range of housing needs in the North West.

The Association is a non-profit making body administered by a Board of Management. The Association's principal activity continues to be that of residential letting.

FUTURE DEVELOPMENT

Aksa Housing Association was set up to provide large family accommodation primarily to the BME Community.

EMPLOYMENT PRACTICES

The Group Equality & Diversity Policy has ensured that every reasonable effort is made to ensure that there is no harassment or unjustified discrimination on the grounds of colour, nationality, race, ethnic or national origin, religion, belief, disability, age, gender, gender reassignment, sexual orientation or marital status in the way it treats its employees, contractors, job applicants and visitors.

The Group remains committed to creating a working environment that offers equality of treatment and opportunity for all employees, and to provide them with the opportunity to develop their skills and abilities. This applies to all aspects of the Group's working practices and includes the recruitment and selection of employees, terms and conditions of employment, training, salary, work allocation, promotion and disciplinary procedures.

All employees were required to adhere to the Equality and Diversity Policy and it is a mandatory requirement that they undergo training and development activities to ensure that they carry out their duties and responsibilities in terms of promoting, developing, implementing and reviewing the Policy in the course of their work.

To encourage all sections of the community to seek employment, facilities necessary to offer a welcoming environment and flexible working patterns have been offered, provided that they do not conflict with service delivery. All vacancies were advertised widely and appropriately.

The Group has regularly informed employees of issues relevant to their employment through meetings with Trade Union representatives, the Employee Consultation Forum and through direct means of communication. During the year's trading, the Group has continued to apply its policy on Trade Union recognition and has provided time off for staff to attend trade union facilities.

REVIEW OF THE YEAR

Aksa is now into its third year since entering into the Group structure with New Charter and it is pleasing to note that all parties are benefiting from the partnership. Aksa has been able to access funds and resources from within the Group which is contributing to the continual improvement and efficiency of our services, and the Group is able to benefit from the specialist experience and wider geographical areas within which Aksa operates.

More importantly our tenants benefit from our partnership, and this was reflected in our recent Tenants Satisfaction Survey when Aksa recorded an overall satisfaction rating of 80% from our customers. This result placed Aksa as one of the best performing Housing Association in the country in comparison with other similar Housing Associations working in the BME sector.

Our work on Tenant Involvement and Community Development has increased considerably this year following the appointment of an additional dedicated officer to this activity, and this has enabled Aksa tenants to participate in various events and community activities during the year. New tenant groups have formed and a growing database of Aksa tenants keen to help us in developing our services has been created. Aksa also held its first Eid/Xmas Tenants Event this year and this proved to be a resounding success with the promise of other similar events to be held in the future.

The Housing Support Service continues to provide an excellent floating support service to its clients, recognised by Oldham MBC through its Supported People Programme and Aksa has developed this service further during the year with the introduction of a regular drop-in facility for customers.

Aksa continues to meet all the key performance targets in respect of its operational activities including rent income, re-letting homes and void loss, repair activities, gas servicing and capital works and improvements.

A new mixed tenure development in Oldham is currently underway providing a mix of Aksa homes to rent and homes for sale and further acquisitions of suitable properties to provide additional homes for rent has also been completed. Further development and acquisition of homes within the areas that Aksa operate will continue to be a key feature of the Group's development strategy.

NEW CHARTER GROUP MISSION

New Charter was born out of the Local Authority housing service provision. Its primary purpose as a Registered Social Landlord is to provide great homes for people in great neighbourhoods - places where they want to live.

Our Group Mission is:

New Charter Housing Trust Group exists to build and support communities in the provision of safe, comfortable, secure and affordable homes through partnership with customers and others

Put more simply, we want:

Great Homes
Great Neighbourhoods
Great People

NEW CHARTER AIMS

We underpin our mission by five key aims:

- Improve
- Invest
- Image
- Involve
- Innovate

These aims are supported by key objectives, set once again following consultation with tenants.

GROUP OPERATING REVIEW – Our Performance in 2007/08

1 IMPROVE

Improvements to the void process have consistently delivered results. This year we set a target of 285 homes or under (1.95%); by March, void numbers were at an all-time low of 236. Void turnaround times however, remain above our target at 42 days, but we substantially reduced turnaround times throughout the year by systems improvement. Low demand properties still detrimentally affect turnaround times, as we turn round many recently emptied properties close to our 32-day target.

Our rent collection rate of 100.44% exceeded the Business Plan target of 99.8%. This performance means we not only collected all rent due but made inroads into historic debt by £233,000.

We maintained 100% performance on attending to all urgent repairs, and only in one month did we fail to achieve 100% for our (4-hour) emergency standard. Our routine repairs performance once again comfortably exceeded Housing Corporation targets. Our own improvement processes means we are monitoring completion in this category at an internal target of 15 days as well as the published 20 days. It is pleasing to report around 80% of routine repairs are completed within our 15-day target – close to the target for 20-day responses!

The average time to complete ‘all repairs’ has fallen once again because of this improvement. It is now 5.44 days, from 6.17 days at March 2007. The remedial action we reported as taking last year has clearly been effective.

Year-end figures for 2007/8 for gas servicing show a slight drop in performance with just under 99% of homes having a valid Gas Certificate at the end of March. Access to some homes remains a problem, and power of entry notices have been backed up by possession proceedings where necessary. Several tenants were evicted in the last quarter for failure to let us in. Our Building Company successfully took over the gas servicing responsibilities for the stock of Aksa throughout the year.

2 INVEST

Overall performance towards meeting the investment target increased from 92% to 99%. We came close to completing all planned window and door replacement and are now only left with odd windows to replace. A large part of this improvement arose from system improvements to kitchens progress, which rose from 82% to 108%. Investment works performance was well above most original targets – bathrooms 103%, heating 93%, windows 99%, doors 99%, roofing 97% and painting 99%. When all void responsive and cyclical work is added, the scale of replacement is even more dramatic for: kitchens 143%, bathrooms 125% and heating 100%.

For the first time in our history, stock levels increased. The net gain was a modest 17 homes, as new acquisitions and developments exceeded the loss from sales under the Right to Buy/Right to Acquire. We bought back 19 homes previously sold under the RTB.

A significant growth opportunity took a step forward as tenants of Gedling Borough Council in Nottinghamshire voted to transfer their homes to a new Group member, Gedling Homes. We expect the transfer to add around 3,500 homes to our ownership by the end of 2008.

We commissioned a £9.5m development programme, delivering around 115 new homes across Tameside and Oldham.

New Charter Building Company external income targets are on track. Contracts are in place with many clients including Bowlee, Beth Johnson, English Churches (Riverside), the Sanctuary project, Tameside Sports Trust, Green Vale (Rossendale), Tameside MBC, Manchester City Council and Vokera.

3 IMAGE

We had another good set of results on satisfaction from our existing customers. The January 2008 customer satisfaction recorded impressive figures which maintain the New Charter position as the best performing large landlord in England. The overall satisfaction level actually reduced slightly from 92.8% last year to 91.7%, although the percentage ‘very satisfied’ increased again. Sector leading performance on participation (85.6% satisfied) and repairs (86.5% satisfied) completed our published rating but other areas in the survey also showed real confidence from customers.

Aksa’s tenants were surveyed separately but at the same time. It posted impressive and improved results with overall satisfaction and satisfaction with participation both increasing to 87% and 89% respectively. This puts Aksa well ahead of the BME association average and among the best in the country.

New Charter Building Company’s partnership with the Wai Yin Chinese Women’s Society attracted a lot of interest. This provides practical learning and encouragement to women of all backgrounds to take up careers and trades in construction.

Heads of Service and The Group Management Team took forward our improvement programme “From Good to Great”, and brought in all managers and supervisors. We continue to develop an ‘Employer of Choice’ strategy. Our performance management allow us to value all employees and identify the best. We ran the first full year of our Flexible Benefits scheme which allows employees to vary working and contractual arrangements as well as introducing a range of special benefits.

We continued to improve the environmental attractiveness of our neighbourhoods. Large-scale schemes have been tendered and started on site. Multiple small-scale sites are also in progress. We report progress to our North and South Board meetings. Tenants have enthusiastically contributed to the area's efforts in the regional contest for Britain in Bloom. One of our tenants won the accolade of Tameside's top gardener.

4 INVOLVE

We reviewed our resident involvement strategy and introduced new ways of involvement for customers. We recruited tenants to a BME forum and to a Disability Forum. Both will allow us to test service delivery as well as ensuring we remain ahead of legislative obligations.

Our 2008 New Charter customer satisfaction rating for participation and involvement went down to 85.6% although it still maintained our position at the top of the league table of large landlords. We introduced a range of different involvement techniques including town forums and celebrated European Neighbours Day. Aksa's rating soared to 89%, which places it at the forefront of BME housing associations.

The survey also showed a further increase in satisfaction with neighbourhood management services. Over the last two years this has increased from 73% to 84%. We maintained our regular consultation arrangements with tenants and leaseholders to understand their opinions and needs and have shaped services accordingly.

We have stepped up our work on inclusivity and reviewed targets in our Equality and Diversity Action Plan. We began a drive to profile customers, especially on their communication needs and expect the data collection – as well as our service responses to this – to continue throughout 2008/09.

We further increased involvement in community leadership by funding specific regeneration activities. Residents have been supported to engage in community initiatives such as Britain in Bloom, as well as learning, development and worklessness initiatives.

Our Aksa staff undertook housing support work to benefit more residents of Oldham than in previous years, and supported households in several high-profile cases which featured in local media.

We worked with Tameside Sports Development to promote healthy living, especially among young people, with the Great Sports initiative.

5 INNOVATE

Our lettings process went through a successful change to Choice Based Lettings, allowing applicants to bid for properties advertised each week. This has proved successful for both us and customers, with 1,243 homes advertised, producing 63,350 bids from 5,970 bidders. Bidding over the web proved the most popular way of registering interest. It has reduced time taken to re-let homes, and follow up survey evidence shows higher satisfaction with choice of home.

Our consultancy services enjoyed a good year. Tenancy Compliance worked with six other RSLs, bringing in income, as did our business improvement, training and revenues functions.

Our customer focus training, compulsory for all employees and featuring the direct involvement of tenants, was recognised in 2007 with a National Training Award (NW region). We were shortlisted in two categories for the NHF Neighbourhood Awards, and yet again were awarded two RoSPA silver medals for Health and Safety effectiveness in our Building Company and for the Trust.

Our Investors in People reaccreditation surpassed our own expectations. We undertook 4 different IiP assessments and achieved superb results in all – excellence in the IiP Profile assessment, individual awards for Worklife Balance and Recruitment and Selection for the Group, and retention of IiP status was retained for Aksa.

We developed a scheme for market renting. We refurbished Hatton Court, Hattersley as our first high-quality scheme, providing 12 apartments aimed at a different market.

AKSA HOUSING ASSOCIATION FINANCIAL REVIEW

The financial position and results for the year are set out on pages 19 to 34 of these statements.

Results for the year

Aksa Housing Association surplus for the year, before movements in reserves, was **£1.182m** which was within the approved plan. This compares with a surplus of **£1.907m** in the previous year.

The main reason for the reduced surplus was:

- A decrease in charitable donations and other income.

Surplus/reserves

Total reserves as at 31st March 2008 were **£7.988m** (2007 - £7.247m).

These reserves represent accounting surpluses from previous years, and movements on the designated reserves.

Summary Balance Sheet

Aksa's Balance Sheet as at 31st March 2008 is summarised on page **20** of these financial statements. The key factor affecting the balance sheet is the inclusion of our housing properties at valuation.

The financial statements show a net revenue reserve of **£2.364m** (2006 - £2.140m)

Cash flows

Aksa's cash flows are summarised on page **21**.

The principal sources of cash inflows in the year were:

- rental and other income of **£4.111m** (2007 - £4.724m),

The principal cash outflows were:

- operating costs of **£2.258m** (2007 - £2.070m),
- investment in assets, particularly housing stock, of **£490k** (2007 - £425k), and
- servicing of debt of **£769k** (2007 - £815k).

Capital structure and treasury policy

The Association's financial strategy is underpinned by a Business Plan, which has been used to secure long term funding, over a thirty year period to enable it to invest in future development. The current facility is £13m of which £9.8m has been drawn down. There are currently two funders who are the Royal Bank of Scotland and the Bradford and Bingley Building Society. All covenants have been achieved during the year.

DIRECTORS

The directors of the Association who served during the year were:

Chair	Aslam Khan	Appointed November 1998
Vice-Chair	Abdul Quayum	Appointed April 1989
Other Members	Joseph Oliver	Appointed January 1999
	Nasim Ullah Khan	Appointed February 1996
	Anjam Shahzad	Appointed November 1998
	Asghar Ali	Resigned 6/11/07
	Helen Smith	Appointed September 2003
	Habibar Rahman	Appointed September 2003
	Elaine Davies	Appointed September 2007
	Ken Heap	Appointed January 2008
	Iram Nisar	Appointed September 2004
	Nasir Ilyas	Appointed September 2004
	Wizarat J Siddiqi	Appointed September 2004

The Board wishes to record its appreciation of the work and commitment shown by directors and staff during this trading year.

AUDITORS

The external audit service was tendered in September 2007 and Baker Tilly were appointed as the Groups' auditors at the AGM on Tuesday 25th September 2007. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement of directors' responsibilities in respect of the Director's Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Disclosure of information to auditors

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Internal Controls

The Trust Board acknowledges its overall responsibility with regard to matters relating to internal control. The Trust Board must be satisfied that measures are in place, which cover such matters as:

- An understanding of internal control
- Management of fraud
- Effectiveness of internal control processes and systems
- Understanding of risk and minimization of exposure without compromising broader objectives
- A regular review of the risks facing the company
- A summary of the main policies designed to manage risk
- A summary of the key sources of evidence
- Confirmation that the fraud register has been reviewed
- Confirmation of action taken in respect of any significant matters identified and any supervisory action required by the Housing Corporation.

The Audit committee provides central assurance on these matters and acts on behalf of the trust Board for all audit related issues but the Trust board remains ultimately accountable.

There is a requirement to provide personal assurance to the Trust Board in respect of these matters. This report is designed to provide the foundation for the statement which will need to be included in the Annual Report and accounts.

The Trust Board acts for the whole Group on these matters including Aksa Housing Association Limited.

Internal Control – Report of the Chief Executive

No system of internal control can eliminate all risks. Indeed it would be naive to expect or even wish that to be the case. What must be in place is an arrangement whereby risks are understood and their likelihood and subsequent impact on the business explored and managed.

The system is based around a thorough understanding of the company's business and operational environment and management of the risk which arises. It includes areas of work which cut across the whole Group structure, including New Charter North, South and New Charter Building Company. Similar processes for internal controls are being developed for Gedling Homes as they join the Group structure in November 2008.

I can report that there have been no significant changes in levels of risk during the course of the year nor have there been any significant failings during the period. There has been no evidence of substantial fraudulent activity. There have been no entries in the fraud register this year.

Board Members have been actively engaged in understanding and prioritising risk.

Mechanisms to provide effective internal control

I have reviewed the systems & policies designed to deliver internal control and I am satisfied that these have remained in place throughout the financial year 2007/08. They can be summarised as follows: -

- The Group has a well-designed and robust business planning process, which clearly sets out business aims and objectives and has outcomes against which progress can be demonstrated. Non-executives, staff and tenants are closely involved in formulation and approval of the Business Plan.
- Boards and Committees have a clear understanding of risk and risk management and have demonstrated a desire to ensure risk management features in all deliberations. We have also reviewed the risk management strategy and relevant risk registers to embed risk management into the day to day management of the business.
- The group loan facility provides for a formal annual approval by funders of the Business Plan.
- Monitoring of control systems by the Audit Committee, internal audit & GMT.
- All board reports are required to show a risk evaluation in terms of financial & legal/governance implications.
- Management information & performance control systems are in place to regularly report financial results and other performance indicators to group management team and to the Boards
- Contract standing orders, financial regulations and scheme of delegations are in place and were reviewed during 2007/08.
- The fraud register and whistle blowing policy are in place. The fraud register is considered at every Audit Committee.
- All policies & procedures are programmed for regular review including health & safety and IT Disaster Recovery.
- There is on-going development of a culture of continual improvement across the group.
- Culture of risk awareness developed through individual key work objectives, with performance managed through regular review process.

Process for assessing and managing risk during 2007/8

- The Audit Committee has continued to meet on a regular basis to consider reports from officers and auditors.
- Membership of the audit Committee is drawn from across the boards of the group, includes co-opted members and is chaired by an independent director of the trust board.

- Steps were taken during the year to refresh the contracts for internal and external audit work and this has resulted in two new firms replacing the previous contractors.
- Internal and external auditors have unimpeded access to Audit Committee members.
- In line with best practice, Audit Committee members hold an annual meeting with Internal and External Auditors in the absence of officers.
- Audit Committee has agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.
- All Internal Audit reports are considered by the Group Management Team and presented to Audit Committee who take responsibility for ensuring recommendations are implemented. Internal audit also undertake follow up assignments to ensure compliance, as appropriate.
- Audit Committee is kept informed of developing best practice including Housing Corporations Risk Management Topic Papers.
- Audit Committee took control and ownership of the recruitment process for the replacement of internal and external auditors by October 2007.
- Risk register produced and a revised process for developing a risk appetite introduced to identify, evaluate & manage risks to organizational objectives. Presented to and monitored by the Audit Committee.
- Work with external auditors both before and during closure of accounts meant an unqualified opinion was offered.
- Baker Tilly UK Audit LLP presented their Audit Strategy Memorandum to the February 2008 Audit Committee which did not identify any additional risk for the group. The Audit Committee considered KPMG's (the previous external Auditors) Audit Highlights Memorandum from August 2007 and subsequently throughout the year.
- The Housing Corporation Assessment for the Group places all factors at "green".
- The Housing Corporation's Annual Viability Statement makes clear that the Group "complies with the Regulatory code. The Group has satisfactory financial condition and exposures are mitigated to an acceptable degree"
- A number of weaknesses and threats were identified which must be addressed. within the Business Planning process:
 - Management cost savings are to be achieved
 - There is a need to tightly control responsive repairs expenditure
 - The investment programme is at risk of cost inflation pressures
- Management reports on operational and financial matters have continued to be provided to all relevant Boards and Committees.

- There has continued to be timely and regular reporting of key business information and performance indicators at Management and Board meetings.
- Insurance risk remains well managed.
- There has been no instance of substantial fraud during the year; indeed there are no entries in the fraud register for the year 2007/8.
- No Regulatory or Supervisory action by the Housing Corporation has been taken during the year, beyond normal, planned, regulatory engagement.
- The company has received external accreditation in such areas as
 - Investors in People
 - ROSPA Gold Award
 - 2 Star “Good” service with “Promising Prospects for Improvement” in a Mock Audit Commission Inspection in September 2007.

This gives an external validation of controls in place throughout the organization.

- The very few significant compliance weaknesses identified by Internal Auditors, during the course of the year, were either promptly attended to or clear plans developed to minimize risk. A review of the recommendations implemented within the year identified from the following work undertaken showed an implementation rate of 82% for the year. An acceptable level of performance in this area would be around 75%.
- The work of the internal Audit team demonstrates good progress in relating to the implementation of their recommendations and supports their opinion of **substantial** controls assurance for the Group.

My conclusion is that systems of internal control provide assurance that risk is understood, embedded in the organisation and managed.

There are no areas of exceptional or undue concern within the business.



I H MUNRO
 GROUP CHIEF EXECUTIVE
 NEW CHARTER HOUSING TRUST LTD

21st August 2008

The report of the Board of Management was approved on 21st August 2008 and signed by order of the board:

Mr D O McLoughlin
Group Company Secretary
Aksa Housing Association Limited
Aksa House
2 Media Square
Phoenix Street
Oldham
OL1 1AN

Independent Auditor's Report to the Members of **Aksa Housing Association Limited**

We have audited the financial statements on pages 19 to 34.

This report is made solely to the RSL'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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for registered social landlords Determination 2006 and whether the information given in the Report of the Board is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider the implications for our report if we become aware of any apparent misstatements.

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of RSL's affairs as at 31 March 2008 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 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006; and the information given in the Report of the Board is consistent with the financial statements.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
Brazenose House,
Lincoln Square
Manchester
M2 5BL.

AKSA HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008

		2008	2007
		£'000	£'000
Turnover	2	4,111	4,724
Operating costs	2	(2,258)	(2,070)
Operating surplus	2	<u>1,853</u>	<u>2,654</u>
Loss on sale of fixed assets	4	(4)	-
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>1,849</u>	<u>2,654</u>
Interest receivable and other income	5	102	68
Interest payable and similar charges	6	(769)	(815)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,182</u>	<u>1,907</u>
TAXATION			
Taxation on ordinary activities	10	-	-
SURPLUS FOR THE YEAR		<u>1,182</u>	<u>1,907</u>
REVENUE RESERVE BROUGHT FORWARD		2,140	1,846
TRANSFER TO DESIGNATED RESERVES		(1,340)	(1,915)
TRANSFER FROM DESIGNATED RESERVES		382	302
REVENUE RESERVE CARRIED FORWARD		<u><u>2,364</u></u>	<u><u>2,140</u></u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Surplus for the financial year		1,182	1,907
Unrealised surplus on the revaluation of properties		1,733	-
Total recognised gains and losses for the year		<u><u>2,915</u></u>	<u><u>1,907</u></u>
NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS			
Surplus on ordinary activities before taxation		1,182	1,907
Difference between the historical cost depreciation charges and the actual depreciation charge for the year calculated on the revalued amount		-	-
Historical cost deficit on ordinary activities before taxation		<u><u>1,182</u></u>	<u><u>1,907</u></u>

All of the above results derive from continuing operations.

There were no recognised gains or losses other than those shown in the Income and Expenditure account for the year.

The notes on pages 22 to 34 form an integral part of the financial statements.

AKSA HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2008

		2008		2007
		£'000	£'000	£'000
FIXED ASSETS				
Tangible assets - housing properties	11	48,246		46,197
Less Social Housing Grant		(30,667)		(30,602)
Less depreciation		-		(1,059)
		<u>17,579</u>		<u>14,536</u>
Other tangible assets	12	714		758
		<u>18,293</u>		<u>15,294</u>
CURRENT ASSETS				
Debtors	13	117		106
Investments		3,337		2,676
Cash at Bank		-		1,575
		<u>3,454</u>		<u>4,357</u>
CREDITORS				
Amounts falling due within one year	14	<u>(1,392)</u>		<u>(633)</u>
NET CURRENT ASSETS/(LIABILITIES)				
		2,062		3,724
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>20,355</u>		<u>19,018</u>
CREDITORS				
Amounts falling due after more than one year	15	12,367		11,771
CAPITAL AND RESERVES				
Designated Reserves	17	3,891		5,107
Share Capital		-		-
Revaluation Reserve	17	1,733		
Revenue reserve	17	<u>2,364</u>		<u>2,140</u>
		7,988		7,247
		<u>20,355</u>		<u>19,018</u>

The financial statements on pages 19 to 34 were approved on behalf of the Board and authorised for issue on the 21st August 2008 and were signed by :

Aslam Khan

Chairman

The notes on pages 22 to 34 form an integral part of the financial statements.

AKSA HOUSING ASSOCIATION LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

		2008		2007
	£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	3,035		2,619
RETURNS ON INVESTMENTS AND SERVICING FINANCE				
Interest received	102		68	
Interest paid	<u>(769)</u>		<u>(815)</u>	
		(667)		(747)
CAPITAL EXPENDITURE				
Developments, improvements and other capital works	(1,191)		602	
		(1,191)		602
CASHFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		<u>1,177</u>		<u>2,474</u>
FINANCING				
Loans repaid	<u>(2,091)</u>		<u>(2,488)</u>	
		(2,091)		(2,488)
DECREASE IN CASH		<u><u>(914)</u></u>		<u><u>(14)</u></u>

The notes on pages 22 to 34 form an integral part of the financial statements.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords" updated in 2005. A summary of the more important accounting policies which have been applied consistently is set out below.

Basis of Accounting

The financial statements have been prepared under the historical cost convention as amended for the valuation of housing properties and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

Recent Accounting Standards

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Financial Reporting Standard 18 (FRS18) Accounting Policies has been adopted. After careful review the directors are satisfied that the current Accounting Policies are the most appropriate and therefore no changes in Accounting Policies are required.

Turnover

Turnover represents rental and service charge income and sundry housing and non-housing services income.

Housing Properties

The policy is to revalue housing properties on an annual basis. All properties are valued on the basis of an Existing Use Value (Social Housing) with the assumption that target rent is the maximum rent. Properties under construction are held at cost.

Major repairs to properties of a capital nature which will result in an increase in the net rental income over the life of the property are included in the cost of the properties when the expenditure is incurred.

The Capitalisation Policy includes the capitalisation of roofs, doors and windows, with the balance being expended through the Income & Expenditure Account.

Depreciation of Housing Properties

Housing Properties are depreciated over their expected useful economic lives on a straight line basis. The depreciation is calculated by deducting the land value from the revalued sum.

Housing Properties - Transferred/Acquired Stock	50 years	(2% per annum)
Housing Properties - New Developments	100 years	(1% per annum)

Impairment

In accordance with Financial Reporting Standard 11 (FRS11) Impairment of Fixed Assets and Goodwill, for assets with a remaining economic life greater than 50 years an impairment review is undertaken. For those assets with a lower economic life an impairment review is undertaken where there is an indication the assets may be impaired. If assets are found to be impaired the amount of impairment is disclosed in the note 3 analysis to the income and expenditure account.

Social Housing Grant and other capital grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) or any other form of capital grant subsidy, the cost of those developments is reduced by the grant received. When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability. Where SHG is retained following the disposal of property, it is shown under the disposal proceeds and recycling capital grant funds recycled in 'Creditors: amounts falling due after more than one year'. These funds will be used for the provision of new social housing for rent and sale.

Other Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets at the following rates:

Freehold premises	30 to 50 years	(between 2% and 3.33% per annum)
Plant & machinery	5 years	(20% per annum)
Office furniture & equipment	5 years	(20% per annum)
Computer equipment - infrastructure	5 years	(20% per annum)
Computer equipment - new acquisitions	5 years	(20% per annum)
Computer equipment - other	2 years	(50% per annum)

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

Leasehold premises

Over life of lease

Pension Costs

The company operates a defined benefit pension scheme based on final pensionable salary. Details of the scheme are set out in note 20. Contributions from the Group and participating employees are paid into an independently administered fund. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contributions.

Designated Reserves

Reserves are held to cover the cost of specific major repairs and to fund social and environmental activities.

Revaluation Reserve

The revaluation reserve represents the changes in valuation of housing properties.

VAT

New Charter Housing Trust Group is registered as a Group for VAT purposes. The Trust's main income stream, being rent, is exempt from VAT. The majority of expenditure is subject to VAT, which the Trust is unable to reclaim, this expenditure is therefore shown inclusive of VAT. VAT can be reclaimed under the partial exemption method for certain other activities and is credited to the Income and Expenditure Account. The Trust's Group status allows the Building Company to process inter-company transactions exclusive of VAT.

Bad and Doubtful Debts

The Company provides against rent arrears of current and former tenants and other miscellaneous debts to the extent that they are considered to be irrecoverable.

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	2008		2007	
	General needs £'000	Temporary social £'000	General needs £'000	Temporary social £'000
3 INCOME FROM SOCIAL HOUSING LETTINGS				
Gross rent receivable net of voids	2,608	-	2,507	-
Service charges receivable	40	-	39	-
Gross rents and service charges receivable	<u>2,648</u>	<u>-</u>	<u>2,546</u>	<u>-</u>
Net rents receivable	2,648	-	2,546	-
Other income	10	-	-	-
Turnover from social housing lettings	<u>2,658</u>	<u>-</u>	<u>2,546</u>	<u>-</u>

EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES

Management	591	-	528	-
Services	55	-	66	-
Routine maintenance	582	-	493	-
Planned maintenance	127	-	123	-
Major repairs expenditure	363	-	302	-
Rent losses from bad debts	(39)	-	-	-
Depreciation of housing properties	161	-	144	-
Depreciation of other assets	86	-	-	-
Operating costs on social housing lettings	<u>1,926</u>	<u>-</u>	<u>1,656</u>	<u>-</u>
Operating surplus on social housing lettings	732	-	920	-
Rent loss from voids	(17)	-	(30)	-

Service Charge income is fully eligible for housing benefit.

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	2008	2007
	£'000	£'000
4 LOSS ON SALE OF FIXED ASSETS		
Proceeds of sale	7	-
Cost of sales	(11)	-
Loss on disposal of assets	<u>(4)</u>	<u>-</u>
	2008	2007
	£'000	£'000
5 INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	<u>102</u>	<u>68</u>
	<u>102</u>	<u>68</u>
	2008	2007
	£'000	£'000
6 INTEREST PAYABLE		
On bank loans, overdrafts and other loans	<u>769</u>	<u>815</u>
	<u>769</u>	<u>815</u>
	2008	2007
	£'000	£'000
7 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	246	174
Auditors remuneration (inc VAT) - in their capacity as auditors	<u>7</u>	<u>7</u>
8 DIRECTORS' EMOLUMENTS		
Aggregate emoluments payable to Director (including pension contributions & benefits in kind)	121	116
Emoluments payable to the Director (excluding pension contributions but includes benefits in kind)	<u>107</u>	<u>103</u>
Aggregate amount of highest paid director's pension The Director is a member of the Social Housing Pension Scheme	<u>14</u>	<u>13</u>
9 EMPLOYEE INFORMATION		
The average number of persons employed during the year	2008	2007
Management	4	4
Administrative	5	5
Financial services	3	3
Strategic housing services	<u>3</u>	<u>3</u>
	<u>15</u>	<u>15</u>
Staff costs for the above persons were:	2008	2007
	£'000	£'000
Wages and salaries	366	458
Social security costs	35	21
Other pension costs	<u>44</u>	<u>17</u>
	<u>445</u>	<u>496</u>
	2008	2007
	£'000	£'000
10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES		
No tax is payable due to the status of the Association.		

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed £'000	Under Construction £'000	Total £'000
COST OR VALUATION			
As at 1st April 2007	46,197	-	46,197
Additions in year:		-	
Under construction		1,569	1,569
Revaluation	515	-	515
Disposals	(35)	-	(35)
At 31st March 2008	<u>46,677</u>	<u>1,569</u>	<u>48,246</u>
LESS SOCIAL HOUSING GRANT			
At 1st April 2007	(30,602)	-	(30,602)
Disposals	(65)	-	(65)
At 31st March 2008	<u>(30,667)</u>	<u>-</u>	<u>(30,667)</u>
LESS DEPRECIATION			
At 1st April 2007	(1,059)	-	(1,059)
Charge for year	(161)	-	(161)
Revaluation	1,220	-	1,220
At 31st March 2008	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE AT 31st MARCH 2008	<u>16,010</u>	<u>1,569</u>	<u>17,579</u>
NET BOOK VALUE AT 31st MARCH 2007	<u>14,536</u>	<u>-</u>	<u>14,536</u>

Comparable amounts determined according to the historical cost convention

Cost and valuation is represented by:

	£	£	£
Historic cost	14,438	1,569	16,007
Depreciation	(161)	-	(161)
Revaluation reserve	1,733	-	1,733
	<u>16,010</u>	<u>1,569</u>	<u>17,579</u>

A full valuation was performed in the year by Savills (L&P) Ltd, Chartered Surveyors, who are independent of the Group. The valuation was based on Existing Use Value (Social Housing) as at 31st March 2008 and the valuations were undertaken in accordance with the RICS Appraisal and Valuation Manual.

AKSA HOUSING ASSOCIATION LIMITEC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

12 FIXED ASSETS - OTHER TANGIBLE ASSETS

	Office Building £'000	Property Improvements £'000	Motor Vehicles £'000	Furniture & equipment £'000	Total £'000
COST					
At 1st April 2007	738	79	36	97	950
Additions in year	(1)	21		31	51
Disposals		-	(21)	-	(21)
At 31st March 2008	737	100	15	128	980
DEPRECIATION					
At 1st April 2007	38	31	25	97	191
Charge for year	39	41		5	85
Disposals	-		(10)	-	(10)
At 31st March 2008	77	72	15	102	266
NET BOOK VALUE					
At 31st March 2008	660	28	-	26	714
NET BOOK VALUE					
At 31st March 2007	700	48	11	-	759

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	2008	2007
	£'000	£'000
13 DEBTORS		
Arrears of rent and service charges	146	158
less Provision for bad and doubtful debts	<u>(62)</u>	<u>(55)</u>
	84	103
Trade Debtors	75	120
less Provision for bad and doubtful debts	<u>(75)</u>	<u>(120)</u>
	-	-
Amount due from parent and from fellow subsidiaries - Trade	19	-
Prepayments and accrued income	12	3
Other debtors	2	-
	<u>117</u>	<u>106</u>
14 CREDITORS - Amounts falling due within one year		
Amount due to fellow subsidiary undertakings	424	-
Trade creditors	261	263
Accruals and deferred income	678	194
Obligations under finance leases	-	113
Rent and service charges paid in advance	29	38
	<u>1,392</u>	<u>608</u>

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	£'000	2008 £'000	2007 £'000
15 CREDITORS - Amounts falling due after more than one year			
Obligations under finance leases		2,045	1,562
Banks		9,818	9,818
Funds held on behalf of Oldham Hsg Invest Ptnership		84	84
DPF balance brought forward	308		
Additions in the year	112		
Expenditure during the year	-		
Disposal Proceeds Fund balance		420	307
		12,367	11,771

	2008 £'000	2007 £'000
16 LOANS		
	Housing Loans by instalments	Housing Loans by instalments
In more than five years	11,864	11,380
	11,864	11,380

The housing loans are drawn down from total facilities of £13m. At 31st March 2008 all funds drawn were on variable rates of interest. The £4.2m drawdown from Dexia was at a rate of 6.34025% and the £5.6m drawdown with The Royal Bank of Scotland was at a rate of 6.70345%

17 RESERVES	Revaluation Reserve £'000	Social Investment Fund £'000	Academy £'000	Property Re-investment £'000	Major Repairs £'000	Revenue Reserve £'000	Total £'000
As at 1st April 2007	-	584	2,091	1,474	958	2,140	7,247
Additions in the year	1733	500	-	600	240	224	3,297
Expenditure in the year	-	(83)	(2,091)	-	(382)	-	(2,556)
At 31st March 2008	1733	1,001	-	2,074	816	2,364	7,988

The Social Investment fund is held to fund social and community activities, the Academy fund is held to fund the sponsorship of the Academy, the property re-investment fund is held for investment in future development and the Major repairs fund is held for costs identified in the stock condition survey.

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

18 NOTES TO THE CASHFLOW STATEMENT

a Reconciliation of operating surplus to net cash inflow from operating activities

	2008 £'000	2007 £'000
Operating surplus	1,853	2,654
Depreciation charges	246	144
Decrease/(Increase) in debtors	(11)	122
(Decrease)/Increase in creditors	947	(301)
Net cash inflow from operating activities	<u>3,035</u>	<u>2,619</u>

b Reconciliation of net cash inflow to movement in net debt

	2008 £'000	2007 £'000
(Reduction)/increase in cash in year	(914)	(14)
Change in net debt resulting from cash flows	(2,294)	2,500
Change in net debt	<u>(3,208)</u>	<u>2,486</u>
New finance leases	5,502	3,406
Net debt at beginning of year	8,128	2,236
Net debt at end of year	<u>10,422</u>	<u>8,128</u>

c Analysis of changes in net debt

	At 31st March 2008 £'000	Cash Flows £'000	At 31st March 2007 £'000
Cash & investments	3,337	(914)	4,251
	<u>3,337</u>	<u>(914)</u>	<u>4,251</u>
Debt due within one year	(1,392)	(784)	(608)
Debt due after one year	(12,367)	(596)	(11,771)
	<u>(13,759)</u>	<u>(1,380)</u>	<u>(12,379)</u>
	<u>(10,422)</u>	<u>(2,294)</u>	<u>(8,128)</u>

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

19 CAPITAL COMMITMENTS	2008 £'000	2007 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements is due to the development of Manor Rd.	947	875
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	-	1,622

The board of management has agreed to develop a scheme at Manor Road which will be to develop 13 properties for large family accommodation.

20 PENSIONS

1. Akxa Housing Association participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.
2. 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".
3. 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
 - 3.1 Final Salary with a 1/60th accrual rate
 - 3.2 Final Salary with a 1/70th accrual rate
 - 3.3 Career average revalued earnings with a 1/60th accrual rate
4. An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.
5. Akxa Housing Association has elected to operate the final salary scheme with a 1/60th accrual rate benefit structure for active members as at 1st April 2007 and the final salary with a 1/60th accrual rate, benefit structure for new entrants from 1st April 2007.
6. 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 an individual employer level, subject to the employer paying no less than 50% of the total contribution rate.
7. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pensions 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.
8. During the accounting period, AKSA Housing Association paid contributions at the rate of 16.0%. Member contributions were 6.0% .
9. As at the balance sheet date, there were 10 active members of the Scheme employed by AKSA Housing Association. AKSA Housing Association continues to offer membership of the Scheme to its employees.
10. It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.
12. The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2006. 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 £1,760 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £209 million, equivalent to a past service funding level of 89%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the scheme since the last full valuation.
13. Since the contribution rates payable to the Scheme have been determined by reference to the last actuarial valuation, the following notes relate to the formal actuarial valuation as at 30 September 2005.
14. The financial assumptions underlying the valuation as at 30 September 2005 were as follows:
 - Investment return pre retirement - 7.2%pa
 - Investment return post retirement - 4.8%pa
 - Rate of salary increases to 30 September 2010 - 5.0%pa
 - Rate of salary increase from 1 October 2010 - 4.0%pa
 - Number of active members and details of the annual pensionable payroll
 - Rate of pension increases - 2.5%pa
 - Rate of Price inflation - 2.5%pa

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

15. The valuation was carried out using PA92C2025 mortality table for non-pensioners and PA92C2013 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males Assumed life expectancy in years at age 65	Females Assumed life expectancy in years at age 65
Non-pensioners	20.4	23.3
Pensioners	19.4	22.4

16. The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed

Benefit Structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	17.6
Final salary with a 1/70th accrual rate	15.3
Career average revalued earnings with a 1/60th accrual rate	14.1

17. The long-term joint contribution rates required from employers and members are contributions are set on an age related basis are:

18. 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.

19. Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

20. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

21. 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.

22. 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.

23. 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. The rate is reviewed at each 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.

24. If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

25. A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

26. The next full actuarial valuation will be carried out as at 30 September 2008.

27. 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.

28. 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.

29. 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 depend 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 amount of debt can therefore be volatile over time.

21 LEGISLATIVE PROVISIONS

The Association is registered with the Housing Corporation under the Housing Act 1996 .
Registration LH3917.

22 HOUSING STOCK

Dwellings owned and in management:

General needs

	2008	2007
	670	671
	<u>670</u>	<u>671</u>

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

23 IMPAIRMENT

Under Financial Reporting Standard 11 (FRS 11), the Company is required to perform impairment tests on its housing stock, so that properties are not shown at an amount exceeding their recoverable amount. It was considered that no impairment write off was necessary.

24 ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of New Charter Housing Trust Ltd, which was incorporated in the United Kingdom. The Company's principal address is:

Aksa House
2 Media Square
Phoenix Street
Oldham
OL1 1AN

25 SHARE CAPITAL

	£	£
Opening Balance as at 01.04.2007	34	34
Movement in the year	-	-
Closing Balance as at 31.03.2008	<u>34</u>	<u>34</u>

The Association is an Industrial and Provident Society, members liability would be limited to £1 should the company be wound up. Membership does not give any entitlement to the right of a dividend or any other distribution. Members have equal voting rights.

26 RELATED PARTY TRANSACTIONS

The Association has taken advantage of the exemptions under FRS8 from the requirement to disclose relations with the Group companies on the grounds that it is a 90% subsidiary and that the Parent entity prepares Consolidated financial statements.