



aksa housing

A S S O C I A T I O N

PART OF THE NEW CHARTER HOUSING TRUST GROUP

AKSA HOUSING ASSOCIATION LIMITED
(Industrial and Provident Society No 27003)

REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2009

AKSA HOUSING ASSOCIATION LIMITED

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AKSA HOUSING ASSOCIATION LIMITED

MEMBERS, SENIOR STAFF, ADVISORS, BANKERS AND LEAD FUNDERS

Board of Management

Chair	Nasir Ilyas
Vice-Chair	Abdul Quayum
Other Members	Joseph Oliver Nasim Ullah Khan Anjam Shahzad Habibar Rahman Elaine Davies Ken Heap Iram Nisar Aslam Khan 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, resigned during the year

Registered Office Aksa House
Medtia Square
Phoenix Street
Oldham
OLI IAN

Registered by the Tenant Services Authority (LH3917)

Auditor Baker Tilly UK Audit LLP
3 Hardman Street
Manchester
M3 3HF

Internal Auditor

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

Principal Bankers

Natwest Bank
Chadderton Branch
212 Middleton Road
Oldham
OL9 6WA

Funders

Royal Bank of Scotland
7th 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 2009

The Board of Management presents its annual report and the audited accounts for the year ended 31st March 2009.

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. Aksa Housing Association Limited is an Industrial and Provident Society.

FUTURE DEVELOPMENT

Aksa Housing Association was set up to provide large family accommodation primarily to the BME Community in Oldham. It now operates across Greater Manchester and is looking to build, buy or otherwise secure new homes for social renting or other forms of tenure. Following a midyear strategic review we also want to develop and broaden our offer to disadvantaged and under-represented groups and individuals.

REVIEW OF THE YEAR

Aksa is now into its fourth year since entering into the Group structure with New Charter and it is pleasing to note that all parties continue to benefit from the successful 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 expertise of Aksa and the wider geographical areas within which Aksa operates.

Most importantly, our tenants have clearly noticed the benefit from our partnership and this was reflected in our most recent tenant satisfaction survey, when Aksa recorded an overall satisfaction rating of 87% from our customers. This result shows Aksa as one of the best performing BME housing associations in the country and runs counter to some of the data collected by the TSA following its 'National Conversation' which suggested BME tenants were generally less satisfied with their landlord.

Our work on Tenant Involvement and Community Development continues to increase following the appointment of an additional officer dedicated to this activity. This has enabled Aksa tenants to participate in various events and community activities during the year, not only within our Oldham neighbourhoods, but also in Bury, Manchester and Ashton. New tenant groups have formed and a growing database of Aksa tenants keen to help us in developing our services has been created. We have also been able to give financial assistance to a growing number of community organisations as part of our support to social investment within our neighbourhoods. This work should enhance our standing yet further. In our January 2008 tenant satisfaction survey, 89% of Aksa tenants said they were

satisfied or very satisfied with opportunities to participate. This rating is one of the best achieved by any housing association. Aksa held another very successful annual Eid and Christmas event for tenants this year. Our customers again enjoyed the occasion and voted the event a major 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 awarding Aksa a steady state contract and agreeing partner targets with Aksa in preventing homelessness and reducing worklessness. The service continues to operate at maximum capacity and Aksa has developed this service further by introducing a regular drop-in facility for customers. Our office facilities in our Aksa-owned building in Oldham have been reorganised to achieve greater operational efficiencies and to facilitate the leasing of the rest of the building to generate additional external income.

Aksa continues to implement a cavity wall insulation programme at no cost to the Association or its tenants, which will greatly assist in reducing our tenants' fuel costs even further. We have purchased and refurbished a number of homes for rent and Aksa currently has two new developments underway in Oldham which will provide additional and much needed large family homes to rent. Further development and acquisition of homes within the areas that Aksa operates will continue to be a key feature of the Group's development strategy. Aksa has commissioned a comprehensive review of its strategic role locally, regionally and nationally with a view to strengthening even further its position as a unique brand and to maximise all development opportunities available.

Aksa will continue to develop its partnership with Oldham MBC in tackling the issues of overcrowding, homelessness and worklessness, all of which are likely to be exacerbated as the effects of the credit crunch are felt.

The continued expansion of our tenant involvement and community development activities will be essential in ensuring that our customers continue to play an active part in our service delivery and improvement.

The board members would like to thank all the staff at Aksa for their enthusiasm, commitment and hard work in achieving our continued growth and development and to express particular thanks to the contribution of Sajjad Hussain, our previous Managing Director, who during the course of this year has moved on.

EMPLOYMENT PRACTICES

As a member of New Charter Housing Trust Group we adhere to Group wide employment practices. The Group Equality and 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 are 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.

We are committed to ensuring the health, safety and welfare of all employees and others who maybe affected by our acts or omissions so far as is reasonably practicable. Works carried out by us will so far as is reasonably practicable comply with the requirements of the Health and Safety at Work Act 1974 and other legislation.

AKSA HOUSING ASSOCIATION FINANCIAL REVIEW

The financial position and results for the year are set out on pages 17 to 33 of these statements.

Results for the year

Aksa Housing Association surplus for the year, before movements in reserves, was **£312k** which was within the approved plan. This compares with a surplus of **£1.182m** 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 2009 were **£9.426m** (2008 - £7.988m).

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 2009 is summarised on page **18** of these financial statements. The key factor affecting the balance sheet is the inclusion of the housing properties at valuation.

The financial statements show a net revenue reserve of **£2.676m** (2008 - £2.364m)

Cash flows

Aksa's cash flows are summarised on page **19**.

The principal sources of cash inflows in the year were:

- rental and other income of **£2.908m** (2008 - £4.111m).

The principal cash outflows were:

- operating costs of **£2.053m** (2008 - £2.258m),
- investment in assets, particularly housing stock, of **£527k** (2008 - £490k) and
- servicing of debt of **£580k** (2008 - £769k).

Capital structure and treasury policy

The Association's financial strategy is underpinned by a Business Plan, which acknowledges the requirements and promises set out in the stock transfer agreement in relation to rental income in line with the rent plan and the Investment Strategy which is to deliver the investment promises. This 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 £14.6m of which £10.6m has been drawn down. There are currently two funders who are the Royal Bank of Scotland and Dexia. All covenants have been achieved during the year.

DIRECTORS

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

		Appointed	Resigned
Chair	Nasir Ilyas	September 2004 September 2008	
Vice-Chair	Abdul Quayum	April 1989	
Other Members	Joseph Oliver	January 1999	
	Nasim Ullah Khan	February 1996	
	Anjam Shahzad	November 1998	
	Helen Smith	September 2003	8 th July 2008
	Habibar Rahman	September 2003	
	Sajjad Hussain		3 rd August 2008
	Elaine Davies	September 2007	
	Ken Heap	January 2008	
	Iram Nisar	September 2004	
	Wizarat J Siddiqi	September 2004	
	Aslam Khan	November 1998	

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

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP as the Group's auditor will be proposed at the AGM. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement of directors' responsibilities in respect of the Directors' 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, Industrial and Provident Societies Act 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 auditor

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.

(Report of the Board of Management continued)
Internal Controls

The Tenant Services Authority (TSA), formerly the Housing Corporation, amended the requirements with regard to the Trust Board's overall responsibilities with regard to matters relating to internal control. The Trust Board, through the Audit committee must be satisfied that measures are in place, which cover such matters as;

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

To assist in this work the TSA indicates that it would be appropriate for the Board to provide assurance 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 New Charter Building Company.

Group Chief Executive's Statement of Internal Control 2008/9

No system of internal control can possibly seek to eliminate all risks. The system adopted at New Charter is designed to manage risk insofar as possible given the present understanding of the internal and external risks faced by the Group.

The system is based around a thorough understanding of New Charter'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 Homes, Aksa Housing and Gedling Homes. Similar processes for internal controls have been developed for Gedling Homes as they joined the Group structure in November 2008.

There have been no significant changes in levels of risk without concomitant management measures 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.

(Report of the Board of Management continued)

particularly New Charter Homes, are now more focused and clearly responsible for their operational areas.

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

Mechanisms to provide effective internal control

I have reviewed the systems and policies designed to deliver internal control and I am satisfied that these have remained in place throughout the financial year 2008/9. 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 the formulation and approval of the Business Plan. This has been scrutinised and given a level of full assurance by our internal auditors Beaver and Struthers.
- 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 Loan facilities for New Charter Trust, New Charter Homes, Aksa Housing and for Gedling Homes require formal annual approval by funders of the relevant business plans. These approvals were given unconditionally in 2008/9.
- Monitoring of control systems by Audit Committee, Internal Audit and GMT.
- All Board reports are required to show a risk evaluation in terms of financial and legal/governance implications.
- Management information and performance control systems are in place to regularly report financial results and other performance indicators to Group management team and to Boards. This process has been scrutinised by our internal auditors and has been given a level of full assurance.
- Contract Standing Orders, Financial Regulations and Scheme of Delegations are in place and were reviewed during 2008/9.
- The fraud-register and whistle blowing policy are in place. The fraud register is considered at every Audit Committee. All policies and procedures are programmed for regular review including Health and Safety and IT Disaster Recovery; these now include Business Continuity Planning.

(Report of the Board of Management continued)

- There is on-going development of a continual improvement culture across the Group.
- Culture of risk awareness developed through individual Key Work Objectives, with performance managed through a regular review process.

Process for assessing and managing risk during 2008/9

- 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, including co-opted members and is chaired by an independent director of the Trust Board.
- Internal and External Auditors have unfettered 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 have agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.
- All Internal Audit reports are 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 Corporation Risk Management Topic Papers.
- Internal Audit remains a contracted out service.
- Risk register produced and a revised process for managing the risk appetite introduced to identify, evaluate and manage risks to organisational objectives. Presented to and monitored by Audit Committee.
- Work with external auditors both before and during closure of accounts meant an unqualified opinion was offered.
- Baker Tilly presented their Audit Strategy to the February 2008 Audit Committee which did not identify any additional risk for the Group. Audit Committee considered their Audit highlights Memorandum in August 2008.
- The Tenant Service Authority Regulatory Judgement for the Group places all factors effectively at “green” (although the TSA have stopped using “traffic lights” in their assessments).

(Report of the Board of Management continued)

- The Tenant Services Authority recognises viability as a key issue and the Judgement states that **“The Group meets the expectations set out in the Regulatory Code in terms of financial viability”**. This has been further reinforced by notification that the Judgement is sufficient to not require a formal Annual Viability Review to be undertaken.
- As part of the planning for the entry of Gedling Homes into the Group external independent validation of the consolidated Business Plan was carried out by Baker Tilly.
- 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
- Overall Group exposure as a consequence of the ‘Credit Crunch’ is limited.
 - The Group has not developed any shared ownership or for sale products
 - Interest rates are largely fixed and so costs of borrowing are known and managed over significant periods of time and this approach formed a key feature of the funding facility for Gedling Homes
 - The Building Company viability is managed through ensuring a significant forward order book which is linked to reducing the reliance upon direct employees to deliver external work
 - Scenario planning well in hand for future disinflation during 2009/10
- 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; retendering during the year saw the overall premium fall reflecting a good claims record.
- There has been no instance of substantial fraud during the year. Only one entry, relating to the theft of a door, was made in 2008/9.
- No Regulatory or Supervisory action by the Tenant Services Authority has been taken during the year, beyond normal, planned, regulatory engagement.
- The Company has received external accreditation in such areas as
 - Investors in People
 - Best Companies 2 Star – Outstanding Organisation

(Report of the Board of Management Continued)

- Times Top 100 Best Companies to work for
- ROSPA Gold Award
- In a Mock Audit Commission Inspection in September 2007, 2 Star “Good” service with “Promising Prospects for Improvement”
- Gas safe; NICEE FENSA etc. accreditations up to date

This gives an external validation of a variety of controls in place throughout the organisation.

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 minimise risk. Of the fifteen reports considered by the Committee, one gave limited, ten were substantial and four were full assurance. A review of the 65 recommendations made during the year showed an implementation rate of 75.2% for the year. Whilst Internal Audit advice suggests that this is an acceptable level of performance and the actual number of outstanding ‘significant’ recommendations is five, I am taking steps to improve this rate of compliance.

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

11th August 2009

The report of the Board of Management was approved on 11th August 2009 and signed by order of the board by:

Mr D O McLoughlin
Company Secretary
New Charter Housing Trust Limited
Cavendish 249
Cavendish Street
Ashton-under-Lyne
OL6 7AT

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

We have audited the financial statements on pages 17 to 33.

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 Companies Act 1985, the Housing Act 1996 (as amended by the Housing Act 2004) 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 the report to the Board of Management and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

(Independent Auditor's Report continued)

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 Company's affairs as at 31 March 2009 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985, 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
3 Hardman Street
Manchester
M3 3HF

AKSA HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009

		2009	2008
		£'000	£'000
Turnover	2	2,908	4,111
Operating costs	2	(2,053)	(2,258)
Operating surplus	2	<u>855</u>	<u>1,853</u>
Loss on sale of fixed assets	4	-	(4)
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>855</u>	<u>1,849</u>
Interest receivable and other income	5	37	102
Interest payable and similar charges	6	(580)	(769)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>312</u>	<u>1,182</u>
TAXATION			
Taxation on ordinary activities	10	-	-
SURPLUS FOR THE YEAR		<u>312</u>	<u>1,182</u>
REVENUE RESERVE BROUGHT FORWARD		2,364	2,140
TRANSFER TO DESIGNATED RESERVES		(236)	(1,340)
TRANSFER FROM DESIGNATED RESERVES		497	382
REVENUE RESERVE CARRIED FORWARD		<u><u>2,936</u></u>	<u><u>2,364</u></u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Surplus for the financial year		312	1,182
Unrealised surplus on the revaluation of properties		1,623	1,733
Total recognised gains and losses for the year		<u><u>1,935</u></u>	<u><u>2,915</u></u>

All of the above results derive from continuing operations.
The notes on pages 20 to 33 form an integral part of the financial statements.

AKSA HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2009

		2009		2008
		£'000	£'000	£'000
FIXED ASSETS				
Tangible assets - housing properties	11	21,186		17,579
Less Social Housing Grant		<u>(1,272)</u>		<u>-</u>
		19,914		17,579
Other tangible assets	12	<u>687</u>		<u>714</u>
		20,601		18,293
CURRENT ASSETS				
Debtors	13	149		117
Investments		<u>2,752</u>		<u>3,337</u>
		2,901		3,454
CREDITORS				
Amounts falling due within one year	14	<u>(1,599)</u>		<u>(1,392)</u>
NET CURRENT ASSETS/(LIABILITIES)				
		1,302		2,062
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>21,903</u>		<u>20,355</u>
CREDITORS				
Amounts falling due after more than one year	15	12,477		12,367
CAPITAL AND RESERVES				
Designated Reserves	17	3,394		3,891
Revaluation Reserve	17	3,356		1,733
Revenue reserve	17	<u>2,676</u>		<u>2,364</u>
		9,426		7,988
		<u>21,903</u>		<u>20,355</u>

The financial statements on pages 17 to 33 were approved by the Board and authorised for issue on the 11th August 2009 and are signed on its behalf by:

Nasir Ilyas

Chairman

D O McLoughlin

Company Secretary

The notes on pages 20 to 33 form an integral part of the financial statements.

AKSA HOUSING ASSOCIATION LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

		2009		2008
	£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	657		3,035
 RETURNS ON INVESTMENTS AND SERVICING FINANCE				
Interest received	37		102	
Interest paid	<u>(580)</u>		<u>(769)</u>	
CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(543)		(667)
 CAPITAL EXPENDITURE				
Developments, improvements and other capital works		(2,147)		(1,191)
CASH OUTFLOW FROM CAPITAL EXPENDITURE		(2,147)		(1,191)
CASHFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		<u>(2,033)</u>		<u>1,177</u>
 FINANCING				
Grant Received	1,272		-	
Finance lease payments	(624)		(2,091)	
Loan advances	<u>800</u>		<u>-</u>	
CASH INFLOW/(OUTFLOW) FROM FINANCING		1,448		(2,091)
INCREASE/(DECREASE) IN CASH		<u><u>(585)</u></u>		<u><u>(914)</u></u>

The notes on pages 20 to 33 form an integral part of the financial statements.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

I 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 2008. A summary of the more significant 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 a Registered Social Landlords General Determination 2006.

Finance Costs

Where it is prudent to do so, finance costs will be expensed through the Income and Expenditure Account in the year incurred.

Turnover

The majority of Company turnover is generated from Rental and Service Charge income which is exempt from VAT and charged evenly to the Income and Expenditure Account over a 52 week period. Income is also generated from a Supporting People contract with Oldham MBC where income is recognised monthly and a home contents insurance scheme where tenants are charged weekly.

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 properties when the expenditure is incurred.

The Capitalisation Policy includes the capitalisation of roofs, doors and windows, with the balance being expensed through the Income and 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 that 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 grants 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 a property it is shown under the disposal proceeds fund and 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
Motor Vehicles	3 years
Furniture & equipment	5 years
Leasehold premises	Over life of lease

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Pension Costs

Defined benefit schemes are funded, with the assets held separately from the Group in separate trustee administered funds. A liability is recognised in the balance sheet in respect of the defined benefit plan which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in reserves in the year in which they arise. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

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.

Obligations Under Finance Leases

Charges are made to the Income and Expenditure account for properties currently on lease agreements. Expenditure is payable on a quarterly basis.

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

2 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2009			2008		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Income and expenditure from social housing lettings						
Housing accommodation	2,708	1,859	848	2,658	1,926	732
	2,708	1,859	848	2,658	1,926	732
<i>See Note 3 for further detail.</i>						
Other income and expenditure from social housing lettings						
Supporting People Contract Income	68	58	10	77	64	13
Other activities	132	136	(4)	1,376	268	1,108
	200	194	6	1,453	332	1,121
	2,908	2,053	855	4,111	2,258	1,853

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

3 INCOME FROM SOCIAL HOUSING LETTINGS	2009			2008		
	General needs £'000	Temporary social £'000	Total £'000	General needs £'000	Temporary social £'000	Total £'000
Gross rent receivable net of voids	2,639	-	2,639	2,608	-	2,608
Service charges receivable	41	-	41	40	-	40
Gross rents and service charges receivable	<u>2,680</u>	<u>-</u>	<u>2,680</u>	<u>2,648</u>	<u>-</u>	<u>2,648</u>
Net rents receivable	<u>2,680</u>	<u>-</u>	<u>2,680</u>	<u>2,648</u>	<u>-</u>	<u>2,648</u>
Other income	28	-	28	10	-	10
Turnover from social housing lettings	<u>2,708</u>	<u>-</u>	<u>2,708</u>	<u>2,658</u>	<u>-</u>	<u>2,658</u>
EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES						
Management	590	-	590	591	-	591
Services	62	-	62	55	-	55
Routine maintenance	553	-	553	582	-	582
Planned maintenance	30	-	30	127	-	127
Major repairs expenditure	497	-	497	363	-	363
Rent losses from bad debts	30	-	30	(39)	-	(39)
Depreciation of housing properties	71	-	71	161	-	161
Depreciation of other assets	27	-	27	86	-	86
Operating costs on social housing lettings	<u>1,859</u>	<u>-</u>	<u>1,859</u>	<u>1,926</u>	<u>-</u>	<u>1,926</u>
Operating surplus on social housing lettings	<u>848</u>	<u>-</u>	<u>848</u>	<u>732</u>	<u>-</u>	<u>732</u>
Rent loss from voids	<u>(22)</u>	<u>-</u>	<u>(22)</u>	<u>(17)</u>	<u>-</u>	<u>(17)</u>

Service Charge income is fully eligible for housing benefit.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	2009 £'000	2008 £'000
4 LOSS ON SALE OF FIXED ASSETS		
Proceeds of sale	-	7
Cost of sales	-	(11)
Loss on disposal of assets	<u>-</u>	<u>(4)</u>
	2009 £'000	2008 £'000
5 INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	37	102
	<u>37</u>	<u>102</u>
	2009 £'000	2008 £'000
6 INTEREST PAYABLE		
On bank loans, overdrafts and other loans	580	769
	<u>580</u>	<u>769</u>
	2009 £'000	2008 £'000
7 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	98	246
Auditor remuneration (inc VAT)		
- in their capacity as auditor	<u>7</u>	<u>7</u>
	2009 £'000	2008 £'000
8 DIRECTORS' EMOLUMENTS		
Aggregate emoluments payable to Director (including pension contributions & benefits in kind)	37	121
Emoluments payable to the Director (excluding pension contributions but, includes benefits in kind)	<u>32</u>	<u>107</u>
Aggregate amount of highest paid director's pension The Director is a member of the Social Housing Pension Scheme	<u>5</u>	<u>14</u>
	2009 £'000	2008 £'000
9 EMPLOYEE INFORMATION		
The average number of persons employed during the year		
Management	3	4
Administrative	3	5
Financial services	3	3
Strategic housing services	3	3
	<u>12</u>	<u>15</u>

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	318	366
Social security costs	28	35
Other pension costs	47	44
	<u>393</u>	<u>445</u>

2009	2008
£'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 2009

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed £'000	Under Construction £'000	Total £'000
COST OR VALUATION			
As at 1st April 2008	16,010	1,569	17,579
Additions in year:			
Under construction	-	2,147	2,147
Revaluation	1,625	-	1,625
Disposals	(165)	-	(165)
At 31st March 2009	<u>17,470</u>	<u>3,716</u>	<u>21,186</u>
LESS SOCIAL HOUSING GRANT			
At 1st April 2008	-	-	-
Received during the year	-	(1,272)	(1,272)
At 31st March 2009	<u>-</u>	<u>(1,272)</u>	<u>(1,272)</u>
LESS DEPRECIATION			
At 1st April 2008	-	-	-
Charge for year	(72)	-	(72)
Revaluation	72	-	72
At 31st March 2009	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE AT 31st MARCH 2009	<u>17,470</u>	<u>2,444</u>	<u>19,914</u>
NET BOOK VALUE AT 31st MARCH 2008	<u>16,010</u>	<u>1,569</u>	<u>17,579</u>

Comparable amounts determined according to the historical cost convention

Cost and valuation is represented by:

	£	£	£
Historic cost	14,186	2,444	16,629
Depreciation	(71)	-	(71)
Revaluation reserve	3,356	-	3,356
	<u>17,470</u>	<u>2,444</u>	<u>19,914</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 2009 and the valuations were undertaken in accordance with the RICS Appraisal and Valuation Manual.

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

12 FIXED ASSETS - OTHER TANGIBLE ASSETS

	Office Building £'000	Property Improvements £'000	Motor Vehicles £'000	Furniture & Equipment £'000	Total £'000
COST					
At 1st April 2008	737	100	15	128	980
At 31st March 2009	737	100	15	128	980
DEPRECIATION					
At 1st April 2008	77	72	15	102	266
Charge for year	17	4	-	6	27
At 31st March 2009	94	76	15	108	293
NET BOOK VALUE					
At 31st March 2009	643	24	-	20	687
NET BOOK VALUE					
At 31st March 2008	660	28	-	26	714

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	£'000	£'000
13 DEBTORS		
Arrears of rent and service charges	92	146
less Provision for bad and doubtful debts	(54)	(62)
	<u>38</u>	<u>84</u>
Trade Debtors	87	75
less Provision for bad and doubtful debts	(64)	(75)
	<u>23</u>	<u>-</u>
Amount due from parent and from fellow subsidiaries - Trade	-	19
Prepayments and accrued income	10	12
Other debtors	78	2
	<u>149</u>	<u>117</u>
14 CREDITORS - Amounts falling due within one year	£'000	£'000
Amount due to fellow subsidiary undertakings	706	424
Trade creditors	503	261
Accruals and deferred income	363	678
Rent and service charges paid in advance	27	29
	<u>1,599</u>	<u>1,392</u>

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	£'000	2009 £'000	2008 £'000
15 CREDITORS - Amounts falling due after more than one year			
Obligations under finance leases		1,104	2,045
Banks		10,399	9,818
Funds held on behalf of Oldham Hsg Invest Ptnership		84	84
DPF balance brought forward	420		
Additions in the year	470		
Disposal Proceeds Fund balance		890	420
		<u>12,477</u>	<u>12,367</u>

Funds are held on behalf of Oldham Housing Investment Partnership which is a project where Income and Expenditure is processed through Akxa.

	2009 £'000	2008 £'000
	Housing Loans by instalments	Housing Loans by instalments
16 LOANS		
In more than five years		
Loans	10,399	9,818
Finance Leases	1,104	2,045
	<u>11,503</u>	<u>11,863</u>

The housing loans are drawn down from total facilities of £14.6m. Of the £5.0m drawdown from Dexia £4.2m was at a rate of 4.62% and £0.8m was at a rate of 4.75%. The £5.6m drawdown with the Royal Bank of Scotland was fixed at a rate of 2.36%. Where possible rates will be fixed to minimise the risk associated with fluctuations. All loans are secured on the properties owned by Akxa.

	Designated Reserves					Revenue Reserve £'000	Total £'000
	Revaluation Reserve £'000	Social Investment Fund £'000	Property Re-investment £'000	Major Repairs £'000			
As at 1st April 2008	1,733	1,001	2,074	816	2,364	7,988	
Additions in the year	1,788	-	-	236	312	2,336	
Expenditure in the year	(165)	(236)	-	(497)	-	(898)	
At 31st March 2009	<u>3,356</u>	<u>765</u>	<u>2,074</u>	<u>555</u>	<u>2,676</u>	<u>9,426</u>	

The Social Investment fund is held to fund social and community activities. 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 2009

18 NOTES TO THE CASHFLOW STATEMENT

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

Operating surplus	855	1,853
Depreciation charges & Other non cash items	98	246
Decrease/(Increase) in debtors	(32)	(11)
(Decrease)/Increase in creditors	(263)	947
Net cash inflow from operating activities	<u>657</u>	<u>3,035</u>

b Reconciliation of net cash outflow to movement in net debt

	2009	2008
	£'000	£'000
(Reduction)/increase in cash in year	(585)	(914)
Change in net debt resulting from cash flows	(581)	(2,294)
Change in net debt	<u>(1,166)</u>	<u>(3,208)</u>
New finance leases		-
Net debt at beginning of year	(6,481)	(3,273)
Net debt at end of year	<u>(7,647)</u>	<u>(6,481)</u>

c Analysis of changes in net debt

	At 31st March	Cash Flows	At 31st March
	2009	£'000	2008
	£'000	£'000	£'000
Cash & investments	2,752	(585)	3,337
	<u>2,752</u>	<u>(585)</u>	<u>3,337</u>
Debt due within one year - included creditors within one year	-	-	-
Debt due after one year - Includes leases/external funding	(10,399)	(581)	(9,818)
	<u>(10,399)</u>	<u>(581)</u>	<u>(9,818)</u>
	<u>(7,647)</u>	<u>(1,166)</u>	<u>(6,481)</u>

19 CAPITAL COMMITMENTS

	2009	2008
	£'000	£'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 & Ashley Mill	<u>2,474</u>	<u>947</u>
Capital expenditure that has been authorised by the Board of Management, but has not yet been contracted is the development of Kenyon St	<u>128</u>	<u>-</u>

The amount contracted for at 31st March 2009 will be funded from grants and loans approved by local authorities and the Housing Corporation or will be financed from private finance loans. The Board expect the expenditure they have authorised to be fully financed by the local authorities, the Housing Corporation or from private finance loans.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

20 PENSION OBLIGATIONS NOTE – SHPS SCHEME

- 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 until 31 March 2007. From April 2007 there are three benefit structures available, namely:
 - Final salary with a 1/60th accrual rate.
 - Final salary with a 1/70th accrual rate.
 - 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 1/60th benefit structure for active members as at 31st March 2009, i.e. final salary with a 1/60th accrual rate, benefit structure for new entrants from 31st March 2009.
- 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 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 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.
- 8 During the accounting period Akxa paid contributions at the rate of 16%.
- 9 As at the balance sheet date there were 9 active members of the Scheme employed by Akxa Housing Association. The annual pensionable payroll in respect of these members was £35,157. Akxa continues to offer membership of the Scheme to its employees.
- 10 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.
- 11 The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.
- 12 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
Pre 88 GMP	0.0
Post 88 GMP	0.0
Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

13. The valuation was carried out using the following demographic assumptions:-

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

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Mortality post retirement - 90% SIPA Year of Birth, long cohort projection, minimum improvement 1%pa

14. 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 1/60th accrual rate	17.8
Final salary with a 1/70th accrual rate	15.4
Career average revalued earnings	14.9

15. 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.
16. 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.
17. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).
18. 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.
19. 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.
20. 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.
21. A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.
22. 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.
23. 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.
24. 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.

Conditional paragraph 4 - potential employer debt is treated as a contingent liability

25. Akxa has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2008. As of this date the estimated employer debt for Akxa was £1.5m.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

21 LEGISLATIVE PROVISIONS

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

22 HOUSING STOCK

	2009	2008
Dwellings owned and in management:		
General needs	671	670
	<u>671</u>	<u>670</u>

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:

Cavendish 249
Cavendish Street
Ashton-under-Lyne
Cheshire
OL6 7AT

25 SHARE CAPITAL

	£	£
Opening Balance as at 01.04.2008	34	34
Movement in the year	-	-
Closing Balance as at 31.03.2009	<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 wholly controlled subsidiary and that the Parent entity prepares Consolidated financial statements.