



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)
TSA Reg No. LH3917

REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2011

AKSA HOUSING ASSOCIATION LIMITED

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AKSA HOUSING ASSOCIATION LIMITED

MEMBERS, SENIOR STAFF, ADVISORS, BANKERS AND LEAD FUNDERS

Board of Directors

Georgia Parker (<i>Chair from May 2011</i>)	APPOINTED 01/05/11
Sugra Akbar	APPOINTED 01/05/11
Mohammed Ansar	APPOINTED 01/05/11
Qulzam Bhatti	APPOINTED 01/05/11
Kalsoom Iqbal	APPOINTED 01/05/11
Ziller Rahman	APPOINTED 01/05/11
Keith Rushton	APPOINTED 01/05/11

Gerald Cooney (<i>Chair from December 2010</i>)	14/12/10 – 30/04/11
Maria Bailey	14/12/10 – 30/04/11
Malcolm Burbridge	14/12/10 – 30/04/11
Hamid Ghafoor	14/12/10 – 30/04/11
Joan Ryan	14/12/10 – 30/04/11
Ann Whittam	14/12/10 – 30/04/11
Adam Jacobs	14/12/10 – 30/04/11
Jed Hassid	14/12/10 – 30/04/11

Anjam Shahzad (<i>Chair from Nov-Dec 2010</i>)	REMOVED 14/12/10
Abdul Quayum (<i>Chair from Jan-Nov 2010</i>)	REMOVED 04/11/10
Aslam Khan	
Elaine Davies	REMOVED 14/12/10
Nasir Ilyas	REMOVED 04/11/10
Wizarat Siddiqi	REMOVED 14/12/10
Joe Oliver	REMOVED 14/12/10
Nasim Ullah Khan	REMOVED 04/11/10
Ken Heap	REMOVED 04/11/10
Muhammad Rahman	REMOVED 14/12/10

Group Chief Executive Ian Munro

Executive Officers

Executive Director of Corporate Services and Deputy Chief Executive	Martin Frost
Group Company Secretary	Martin Frost
Managing Director	Mushtaq Khan

Registered Office	Aksa House 2 Media Square Phoenix Street Oldham OL1 1AN
Registered by the	Tenant Services Authority (LH3917)
External 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 7 th Floor, 135 Bishopsgate London EC2M 3UR
	Dexia Public Finance Bank Shackleton House 4 Battle Bridge Lane London SE1 2RB

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2011

The Board of Management presents its annual report and the audited accounts for the year ended 31st March 2011.

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 a charitable Industrial and Provident company registered under the Industrial and Provident Societies Act 1965.

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

Over the last 12 months there has been considerable change in respect of the governance arrangements at Aksa Homes. Following the failure of the Board to comply with the requirements of the Tenant Services Authority it was necessary, for the Aksa Board to be replaced, on a temporary basis by the Trust Board. The temporary arrangements were established on the 14th December 2010, and since that time work has been underway to recruit new non-executive Directors to the Aksa Board. This process has now been completed and the governance arrangements for Aksa Housing has now returned to the Aksa Board.

The operational performance of Aksa Housing has continued to progress. A Managing Director has been appointed and a new vision has been scoped. The organisation is reshaping itself as a community based organisation and this focus has already proven to be successful in developing a new relationship with Oldham Council, and several external contracts have been won. A new tenant empowerment structure has been developed and working with the Board this will be implemented.

The last 12 months has seen important changes for Aksa Homes. These changes are now starting to show benefit, and there is no doubt that Aksa Homes is at the start of a new journey with growth and a new focus at the heart of the organisation.

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 it is compliant with the Equality Act 2010 and that there is no harassment, victimisation or discrimination in respect of the protected characteristics contained within the Act including Age, Disability, Gender Re-assignment, Race, Religion or Belief, Sex, Sexual Orientation, Marriage and Civil Partnership and Pregnancy and Maternity, 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 are 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.

(Report of the Board of Directors continued)
FINANCIAL REVIEW

The financial position and results for the year are set out on pages 16 to 34 of these statements.

Results for the year

During 2010/11 we are proud to have continued our 'social investment fund', to enable the support of worthwhile local community based initiatives. Payments of £272,000 were made or committed in the year, utilising the £120,000 (2009/10) and the £100,000 (2010/11) gift aid payments that Aksa received from New Charter Building Company, a fellow group subsidiary. In accordance with New Charter Group policy, further receipts will be made to Aksa. The balance of payments made in the year of £52,000 utilised existing Aksa reserves, this timing difference contributing to a small in year deficit of £46,000.

Surplus/reserves

Total reserves as at 31st March 2011 were **£13.809m** (2010 - £13.703m). These reserves represent accounting surpluses from previous years and movement on revaluation this year.

Summary Balance Sheet

Aksa's Balance Sheet as at 31st March 2011 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 **3.449m** (2010 - £3.116m)

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 **£3.290m** (2010 - £2.977m).

The principal cash outflows were:

- operating costs of **£2.855m** (2010 - £2.438m),
- investment in assets, particularly housing stock, of **£608k** (2010 - £551k) and
- servicing of debt of **£482k** (2010 - £445k).

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 £12.4m has been drawn down. There are

(Report of the Board of Directors continued)

currently two funders who are the Royal Bank of Scotland and Dexia. All covenants have been achieved during the year.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP as the Association's external 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.

The Industrial & Provident Societies Acts and registered social landlord legislation in the United Kingdom require the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law).

Under association law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and the surplus or deficit of the association for this 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 Accounting for Registered Social Landlords 2008 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 association will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Industrial & Provident Societies Acts 1965 to 2002, the Housing & Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. 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 association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

(Report of the Board of Directors continued)

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 Association'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 Association's auditors are aware of that information.

Internal Controls

The Tenant Services Authority (TSA), has clear expectations with regard to internal controls and seeks to ensure that the Trust Board's overall responsibilities with regard to matters relating to internal control are properly discharged. To assist in this duty the Trust Board has appointed an Audit Committee to provide a group wide view of risk and assurance management. The Committee on behalf of all the Companies within the group carries out amongst other things the following:

- 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 risks facing the Group
- A summary of main policies designed to manage risk
- A summary of the key sources of evidence
- Confirmation that the fraud register has been reviewed
- Confirmation action taken in respect of any significant matters identified and any supervisory action required by the Tenant Services Authority

There is no longer any regulatory requirement to include a statement of this nature in the Annual Report and Accounts, however I consider it is good practice to continue so to do.

Group Chief Executive's Statement of Internal Control 2010-11

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 NCH, Aksa and Gedling. Similar processes for internal controls have been developed for Gedling Homes as they joined 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

(Report of the Board of Directors continued)

substantial fraudulent activity. There have been 4 entries in the fraud register this year April 2010 to 31st March 2011. These are detailed later in my report.

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 2010-11. They are in place in respect of the whole Group and as such this statement. 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 Beever 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 in the day to day management of the business.
- The Loan Facilities for New Charter Trust and Homes and for Gedling require formal annual approval by Funders of relevant Business Plans. These approvals were given 2010-11. Loan covenants are regularly reviewed – there have been no breaches.
- Monitoring of control systems by 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 Boards. This process has been scrutinised by 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 2010-11.
- 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; these now include Business Continuity Planning.

(Report of the Board of Directors 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 regular review process.

Process for assessing and managing risk during 2010-11

- 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.
- 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, as appropriate.
- Audit Committee are kept informed of developing best practice and effectiveness of the committee is reviewed annually via a self assessment which helps to inform development plans for non-executive directors.
- Internal Audit remains a contracted out service.
- Risk register produced and a revised process for developing a risk appetite introduced to identify, evaluate and manage risks to organisational objectives. Presented to and monitored by Audit Committee.
- The external auditors are anticipating issuing an unqualified audit opinion of the accounts.
- Baker Tilly presented their Audit Strategy to the February 2011 Audit Committee which did not identify any additional risk for the group.
- The Tenant Service Authority Assessment 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 Directors continued)

- During the period the actions taken to implement the governance review at Aksa HA were covered by the Regulatory Judgement. This determined that the governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control
- The Tenant Services Authority Annual Viability Statement makes clear that the Group remains viable. The Group has satisfactory financial condition and exposures are mitigated to an acceptable degree.
- A number of threats were identified which have been 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 including the effects of deflation i.e. Impact of negative RPI on available resources
- Overall Group exposure as a consequence of the 'Credit Crunch' was 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
 - Building company viability managed through ensuring significant forward order book linked to reducing reliance upon direct employees to deliver external work.
 - Action plans implemented for disinflation during 2010-11

Exposure to the effects of the Comprehensive Spending Review is being considered and subsequent effects on benefits payments will ultimately have an impact across the group. This area is still rated a high risk on our risk registers and controls and monitoring mechanisms are applied as appropriate.

- 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 in 2009 saw overall premium fall reflecting a good claims record. Premiums have also reduced for the coming year due to a more proactive risk based approach and gave cash flow savings of around £90,000. Further negotiations with Zurich Municipal based on our recent claims history and repudiation rates have also generated a reduction in premiums of around £60,000 + insurance premium tax.

(Report of the Board of Directors continued)

- There has been no instance of substantial fraud during the year. Only 4 entries have been made in the Fraud Register.
 - 1 related to New CharterHomes (attempt to fraudulently cash cheque valued at £3,000)
 - 1 related to the Building Co (theft of copper cylinders – approx £150)
 - 2 related to Trust (fraudulent transaction on Company Credit Card - £262 & theft of gift items from tambour unit -approx £70)
- No Regulatory or Supervisory action by the Tenant Services Authority has been taken during the year, beyond normal, planned, regulatory engagement.
- Significant risks to good governance identified during the course of the year were identified and dealt with in a timely and satisfactory manner
- The Company has received external accreditation in such areas as
 - Customer Service Excellence 1 star organisation (formerly Chartermark)
 - Investors in People Gold Award
 - Investors in People Well Being Award
 - Best Companies 3 Star – Exceptional Organisation
 - No. 16 in Times Top 100 Best Companies to work for
 - Best Training and Development – Sunday Times Best Companies
 - TPAS accreditation for Tenant Involvement
 - Housemark Accreditation for dealing with Anti-Social Behaviour
 - ROSPA Gold Award
 - Gas safe; NICEIC FENSA etc accreditations up to date
 - ISO14001 (environmental systems) for the Building Company

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. Only one area was identified as having limited assurance through the year, all bar one of the recommendations contained within this area have now been implemented satisfactorily.

A review of the recommendations implemented within the year identified from the follow up work undertaken, showed an implementation rate of **100%** for the year 2009/10 and a figure of **95%** for 2010/11. An acceptable level of performance in this area would be around 75%.

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.

The report of the Board of Management was approved on 16th August 2011 and signed by order of the board by:

A handwritten signature in black ink, appearing to read 'I H Munro', is written over a light blue rectangular background.

I H MUNRO
GROUP CHIEF EXECUTIVE
NEW CHARTER HOUSING TRUST Ltd

16th August 2011

Mr M Frost
Company Secretary
Aksa Housing Association 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 of Aksa Housing Association Limited for the year ended 31 March 2011 on pages 16 to 34

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 7 the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk.

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

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

BAKER TILLY UK AUDIT LLP
3 Hardman Street
Manchester
M3 3HF

2011

AKSA HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

		2011	2010 (restated)
		£'000	£'000
Turnover: continuing activities	2	3,290	2,977
Operating costs	2	(2,855)	(2,438)
Operating surplus: continuing activities	2	435	539
Interest receivable and other income	5	1	11
Interest payable and similar charges	6	(482)	(445)
DEFICIT/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(46)	105
Taxation on ordinary activities	10	-	-
DEFICIT/SURPLUS FOR THE FINANCIAL YEAR		(46)	105
Transfer to/from Designated Reserves	18	272	122
SURPLUS AFTER TRANSFER TO/FROM RESERVES		226	227

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 20 to 34 form an integral part of the financial statements.

AKSA HOUSING ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	£'000	(restated) £'000
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2011		
Surplus for the financial year	(46)	105
Unrealised surplus on the revaluation of housing properties	18 152	4,274
Total recognised surpluses and deficits relating to the year	<hr/> 106	<hr/> 4,379
Prior period adjustment (as explained in note 28)	(315)	-
Total recognised surpluses and deficits since last annual report	<hr/> (209) <hr/>	<hr/> 4,379 <hr/>
	2011	2010
	£'000	(restated) £'000

**RECONCILIATION OF MOVEMENTS IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2011**

Opening total funds as at 1 April 2010	13,703	9,446
Total recognised surpluses and deficits for the year	106	4,379
Transfer to/from Designated Reserves	-	(122)
Closing total funds at 31 March 2011	<hr/> 13,809 <hr/>	<hr/> 13,703 <hr/>

AKSA HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

		2011		2010
		£'000	£'000	£'000
Fixed Assets:				
Tangible assets - housing properties	11	59,552		59,356
Less Social Housing & Other grant		<u>(32,819)</u>		<u>(32,612)</u>
		26,733		26,744
Other tangible assets	12	<u>642</u>		<u>668</u>
		27,375		27,412
Current Assets:				
Debtors	13	215		551
Cash at Bank and in hand		<u>1,544</u>		<u>1,094</u>
		1,759		1,645
Creditors:				
Amounts falling due within one year	14	<u>(1,386)</u>		<u>(1,550)</u>
NET CURRENT ASSETS		373		95
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>27,748</u>		<u>27,507</u>
Creditors:				
Amounts falling due after more than one year	15	13,939		13,804
Capital and reserves:				
Designated reserves	18	2,578		2,957
Housing Properties Revaluation reserve	18	7,782		7,630
Revenue reserve	18	<u>3,449</u>		<u>3,116</u>
ASSOCIATION FUNDS		13,809		13,703
		<u>27,748</u>		<u>27,507</u>

The notes on pages 20 to 34 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board on the 16th August 2011 and signed on its behalf by:

Georgia Parker

(Chairman)

(Board Member)

M Frost

(Company Secretary)

AKSA HOUSING ASSOCIATION LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

		2011		2010
	£'000	£'000	£'000	£'000
				(restated)
Net cash inflow from operating activities	19	481		555
Returns on investments and servicing of finance				
Interest received	5	1	11	
Interest paid	6	(482)	(445)	(434)
		<u>(481)</u>	<u>(445)</u>	<u>(434)</u>
Taxation paid		-		-
Capital expenditure				
Acquisition and construction of housing properties		(241)	(3,394)	
Social housing grant - received		208	673	
Purchase of other fixed assets		(4)	(11)	
		<u>(37)</u>	<u>(11)</u>	<u>(2,732)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>(37)</u>		<u>(2,611)</u>
Management of liquid resources				
Cash invested/withdrawn in/from money market		-		-
Financing				
Loans advances received		1,000	1,497	
Housing loans principal repayments		(513)	(503)	
Other finance costs		-	(41)	
		<u>487</u>	<u>(41)</u>	<u>953</u>
INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u><u>450</u></u>		<u><u>(1,658)</u></u>

The notes on pages 20 to 34 form an integral part of these financial statements.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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.

Going Concern

The Association's activities together with the factors likely to affect its future development and position are set out in the report of the Board of Directors. On the basis of their assessment of the Association's financial position, the Association's Directors have a reasonable expectation that the Association will be able to continue in operational existence for the foreseeable future. That they continue to adopt the Going Concern basis of accounting in preparing the annual financial

Finance Costs

Where it is prudent to do so, finance costs will be expensed through the Income and Expenditure Account in the year incurred. All identified finance costs currently go through the I&E.

Turnover

The majority of Association 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.

Capitalisation

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. This does not include disposals.

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.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

Other Fixed Assets

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

Freehold premises	30 to 50 years
Motor Vehicles	3 years
Furniture, Fixtures & Fittings	5 years
Computers & Office equipment	5 years

Where an asset has been identified to be disposed of, it will be treated as a current asset until the point of sale. Any profit or loss on disposal will be recognised in the income and expenditure account. Any loss which may arise on the replacement of components as part of the initial stock transfer, or loss on demolition of properties due to redevelopment, will be written off to the Income and Expenditure Account as soon as the commitment is made.

Pension Costs

Defined benefit schemes are funded, with the assets held separately from the Group in separate trustee administered funds. A full valuation of the liability for the fund 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. As the Scheme is a multi-employer Scheme the assets are co-mingled for investment purposes.

It has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employees. The income & expenditure charge represents the employer contribution payable to the scheme for the accounting 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 New Charter Building Company to process inter-company transactions exclusive of VAT.

Bad and Doubtful Debts

The Association provides against rent arrears of current tenants on an ageing basis 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 and expenditure is charged and payable on a quarterly basis. The leases are classified as long term and so are treated as owned on the Balance Sheet.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2011		2010 (restated)		
	Turnover £'000	Operating costs £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Income and expenditure from social housing lettings					
Social housing lettings	3,037	2,396	2,745	2,200	545
	3,037	2,396	2,745	2,200	545
	64	-	52	-	52
Other Rental	70	68	74	67	7
Supporting People Contract Income	119	391	106	171	(65)
Other activities	253	459	232	238	(6)
	3,290	2,855	2,977	2,438	539

See Note 3 for further detail.

Income and expenditure from other social housing activities.

Other Rental
Supporting People Contract Income
Other activities

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

3 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS (Continued)
PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2011		2010 (restated)	
	General needs £'000	Total £'000	General needs £'000	Total £'000
INCOME				
Rent receivable (net of voids)	2,834	2,834	2,700	2,700
Service charges	47	47	44	44
Net rental income	<u>2,881</u>	<u>2,881</u>	<u>2,744</u>	<u>2,744</u>
Other income	156	156	1	1
Turnover from social housing lettings	<u>3,037</u>	<u>3,037</u>	<u>2,745</u>	<u>2,745</u>
EXPENDITURE				
Management Services	1,010	1,010	992	992
Routine maintenance	54	54	48	48
Planned maintenance	447	447	391	391
Major repairs expenditure	41	41	26	26
Bad debts	608	608	551	551
Depreciation of housing properties	11	11	(3)	(3)
Depreciation of other assets	195	195	165	165
	30	30	30	30
Operating costs on social housing lettings	<u>2,396</u>	<u>2,396</u>	<u>2,200</u>	<u>2,200</u>
Operating surplus on social housing lettings	<u>641</u>	<u>641</u>	<u>545</u>	<u>545</u>
Void Losses	<u>(13)</u>	<u>(13)</u>	<u>(17)</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 2011

	2011	2010
	£'000	£'000
4 SALE OF FIXED ASSETS		
There were no sales of fixed assets for the year	-	-
	2011	2010
	£'000	£'000
5 INTEREST RECEIVABLE AND OTHER INCOME		
Income receivable from money market investments	1	11
	2011	2010
	£'000	£'000
6 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	433	394
On finance leases	49	51
	482	445
	2011	2010
	£'000	£'000
7 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation of Freehold Housing Properties & Other Fixed Assets	225	195
Auditor remuneration (inc VAT)		
- in their capacity as auditor	8	7
8 DIRECTORS EMOLUMENTS		
There were no directors emoluments through the company in this year.		

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

9 EMPLOYEE INFORMATION

	2011	2010
	No.	No.
The average number of persons employed during the year		
Management	2	3
Administrative	3	3
Financial services	-	3
Strategic housing services	4	3
	<u>9</u>	<u>12</u>
	2011	2010
Staff costs for the above persons were:	£'000	£'000
Wages and salaries	241	318
Social security costs	20	26
Other pension costs	38	44
	<u>299</u>	<u>388</u>

10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES

No tax is payable on its charitable activities due to the charitable status of the Association

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

II TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Total social housing properties held for letting £'000	Total social housing properties under construction £'000	Total £'000
COST OR VALUATION			
As at 1st April 2010	55,211	4,145	59,356
Additions	9	305	314
Works to existing properties	-	-	-
Schemes completed	4,450	(4,450)	-
Valuation adjustment	(43)	-	(43)
Disposals	(75)	-	(75)
At 31st March 2011	<u>59,552</u>	<u>-</u>	<u>59,552</u>
DEPRECIATION			
At 1st April 2010	-	-	-
Charge for year	(195)	-	(195)
Valuation adjustment	195	-	195
At 31st March 2011	<u>-</u>	<u>-</u>	<u>-</u>
SOCIAL HOUSING AND OTHER GRANT			
At 1st April 2010	(31,381)	(1,231)	(32,612)
Additions	-	(244)	(244)
Schemes completed	(1,475)	1,475	-
Disposals	37	-	37
Valuation adjustment	-	-	-
At 31st March 2011	<u>(32,819)</u>	<u>-</u>	<u>(32,819)</u>
Net book value			
31st March 2011	<u>26,733</u>	<u>-</u>	<u>26,733</u>
31st March 2010	<u>23,830</u>	<u>2,914</u>	<u>26,744</u>

No revenue costs have been capitalised during the year. The revalued amounts have been included based on the valuation for Existing Use Value (Social Housing) assuming target rents.

AKSA HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

11 Tangible fixed assets - properties (continued)

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 2011 and the valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

	£'000
Completed properties at valuation	26,733
Housing properties under construction at cost net of SHG and other grants	-
	26,733

The reconciliation between the historical cost and the revaluation amount of properties as at 31st March 2011 is as follows:

	2011	2010
	£'000	£'000
Historical cost	51,965	51,891
Social housing grant	(32,819)	(32,612)
Depreciation	(195)	(165)
Revaluation Reserve	7,782	7,630
	26,733	26,744

	2011	2010
	£'000	£'000
Social housing grant		
Total accumulated SHG receivable at 31 March was:	32,612	31,939
Capital grants	207	673
	32,819	32,612

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

12 TANGIBLE FIXED ASSETS - OTHER

	Freehold premises £'000	Computers and office equipment £'000	Motor Vehicles £'000	Furniture fixtures and fittings £'000	Total £'000
COST					
At 1st April 2010	737	107	15	132	991
Additions	-	4	-	-	4
At 31st March 2011	737	111	15	132	995
DEPRECIATION					
At 1st April 2010	112	83	15	113	323
Charge for year	17	8	-	5	30
At 31st March 2011	129	91	15	118	353
NET BOOK VALUE					
At 31st March 2011	608	20	-	14	642
NET BOOK VALUE					
At 31st March 2010	625	24	-	19	668

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	£'000	£'000
13 DEBTORS		
Arrears of rent and service charges	121	99
less Provision for bad and doubtful debts	(37)	(33)
	<u>84</u>	<u>66</u>
Trade Debtors	36	46
less Provision for bad and doubtful debts	(26)	(21)
	<u>10</u>	<u>25</u>
Amount due from parent and from fellow subsidiaries - Trade	24	7
Prepayments and accrued income	27	15
Other debtors	70	438
	<u>215</u>	<u>551</u>
14 CREDITORS - Amounts falling due within one year	2011	2010
	£'000	£'000
Amount due to fellow subsidiary undertakings	454	550
Loan repayments in one year or less	513	503
Trade creditors	22	14
Accruals and deferred income	358	82
Repairs and Maintenance Accruals	21	240
Accrual for Properties under Construction	-	100
Social housing grant received in advance	-	37
Rent and service charges received in advance	18	24
	<u>1,386</u>	<u>1,550</u>
15 CREDITORS - Amounts falling due after more than one year	2011	2010
	£'000	£'000
Obligations under finance leases	1,165	1,434
Housing Loans	11,880	11,393
Funds held on behalf of Oldham Hsg Invest Partnership	-	85
Disposal Proceed Funds	894	892
	<u>13,939</u>	<u>13,804</u>

Any funds held on behalf of Oldham Housing Investment Partnership were transferred over to Oldham Council within the financial year. AKSA no longer manage this project.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

16 LOANS	2011 £'000	2010 £'000
In more than five years	Housing Loans by instalments	Housing Loans by instalments
Loans	12,393	11,896
Finance Leases	1,165	1,434
	<u>13,558</u>	<u>13,330</u>

The housing loans are drawn down from total facilities of £14.6m. Of the £7.738m drawdown from Dexia £3.990m was at a rate of 3.3420%, £0.748m was at a rate of 3.1631%, £2m was at a rate of 4.2612% and £1m was at a rate of 3.530%. The £4.655m drawdown with the Royal Bank of Scotland was fixed at a rate of 3.4292%. Where possible rates will be fixed to minimise the risk associated with fluctuations. All loans are secured on the properties owned by Akxa.

17 DISPOSAL PROCEEDS FUND	2011 £'000	2010 £'000
At 1 April	892	890
Net sale proceeds recycled	2	-
Interest accrued	-	2
Balance as at 31 March	<u>894</u>	<u>892</u>

18 RESERVES	Designated Reserves					
	Revaluation	Social Investment	Property Re-investment & Major repairs	Self Insurance	Revenue	Total
	Reserve £'000	Fund £'000	£'000	Reserve £'000	Reserve £'000	£'000
As at 1st April 2010	7,630	643	2,314	-	3,116	13,703
Increase during the year	152	-	-	-	0	152
Deficit for the year	-	-	-	-	(46)	(46)
Transfer from Revenue						
Reserve to designated reserve	-	100	-	10	(110)	0
Transfer to Revenue						
Reserve from designated reserve	-	(272)	(217)	-	489	0
At 31st March 2011	<u>7,782</u>	<u>471</u>	<u>2,097</u>	<u>10</u>	<u>3,449</u>	<u>13,809</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 was held and is fully utilised. The Revenue reserve includes £10k for self assured insurance. Where costs are incurred for the specified purpose, transfers are made from the reserves.

19 NOTES TO THE CASHFLOW STATEMENT

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

	2011 £'000	2010 Restated £'000
Operating surplus	435	539
Depreciation charges	225	195
Change in debtors	336	(462)
Change in creditors	(515)	283
Net cash inflow from operating activities	<u>481</u>	<u>555</u>

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

b Reconciliation of net cash inflow to movement in net debt	2011	2010
	£'000	£'000
Movement in cash in year	450	(1,658)
Change in net debt resulting from other cash flows	(497)	(1,497)
Change in net debt	<u>(47)</u>	<u>(3,155)</u>
Net debt at 1 April	(10,802)	(7,647)
Net debt at 31 March	<u><u>(10,849)</u></u>	<u><u>(10,802)</u></u>

c Analysis of changes in net debt

	At 31st March 2010	Cash Flows	At 31st March 2011
	£'000	£'000	£'000
Cash at bank and in hand	1,094	450	1,544
Changes in cash	<u>1,094</u>	<u>450</u>	<u>1,544</u>
Debt due within one year - included creditors within one year	-	-	-
Debt due within one year - included leases/external funding	(11,896)	(497)	(12,393)
Changes in debt	<u>(11,896)</u>	<u>(497)</u>	<u>(12,393)</u>
Change in net debt	<u><u>(10,802)</u></u>	<u><u>(47)</u></u>	<u><u>(10,849)</u></u>

20 CAPITAL COMMITMENTS

	2011	2010
	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements is due to the investment programme	<u>620</u>	<u>952</u>
Capital expenditure that has been authorised by the Board of Management, but has not yet been contracted for is relating to development	<u>1,118</u>	<u>-</u>

The amount contracted for at 31st March 2011 will be funded from grants and loans approved by local authorities and the Homes Communities Agency or will be financed from private finance loans. The Board expect that the expenditure they have authorised will be fully financed by the local authorities, the Homes Communities Agency or from private finance loans.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

21 PENSION OBLIGATIONS NOTE – SHPS SCHEME

- 1 Akxa Housing Association participates in SHPS (The Scheme). The Scheme is funded and is contracted-out of the State Pension 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 Mar 2007. From 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 (CARE) with a 1/80th accrual rate.
 - From April 2010 there are a further two benefit structures available, namely
 - * Final Salary with a 1/80th accrual rate.
 - * Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1st October 2010.
4. An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.
5. Akxa Housing Association has operated the final salary with a 1/60th accrual rate benefit structure for active members since May 1996. This does not reflect any benefit structure changes made from April 2010.
6. Akxa Housing Association has operated the final salary with a 1/60th accrual rate benefit structure for new entrants since May 1996. This does not reflect any benefit structure changes made from April 2010.
7. The Trustee commissions an actuarial valuation of the Scheme every three 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. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.
8. 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.
9. During the accounting period Akxa paid contributions at the rate of 12.8%, plus a past service contribution. The 6 member contributions were made at a rate of 6%
- 10 As at the balance sheet date there were 6 active members of the Scheme employed by Akxa Housing Association. The annual pensionable payroll in respect of these members was £244k. Akxa Housing Association continues to offer membership of the scheme to its employees.
11. 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.
12. 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 £1,527m. The valuation revealed a shortfall of assets compared with the value of liabilities of £663m equivalent to a past service funding level of 69.7%
13. The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

Valuation Discount Rates	% p.a.
Pre Retirement	7.8
Non Pensioner Post Retirement	6.2
Pensioner Post Retirement	5.6
Pensionable Earnings Growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

- Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.
14. The valuation was carried out using the following demographic assumptions
 - Mortality pre-retirement - PA92 year of birth, long cohort projection, minimum improvement 1% p.a.
 - Mortality post retirement - 90% SIPA year of birth, long cohort, projection, minimum improvement 1% p.a.
 - 15 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 1/60th accrual rate	17.8
Final salary with 1/70th accrual rate	15.4
Career average revalued earnings (CARE) with 1/60th accrual rate	14.9
Final salary with 1/80th accrual rate	13.5
Career average revalued earnings (CARE) with 1/80th accrual rate	11.9

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

16. 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.
17. Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £863 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 assumption, 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.
18. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. A combined employer and employee rate)
19. Employers that have closed the defined benefit section of 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.
20. 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 SHPS.
21. 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 changes on the 1 April that falls 18 months after the valuation date.
22. 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 items of the Recovery Plan). The Regulator is currently in the process of reviewing the Recovery Plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.
23. The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1.985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80%.
24. 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.
25. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out 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.
26. 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.
27. Akxa Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from SHPS based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for March 2011 was £1.480 million.

22 LEGISLATIVE PROVISIONS

The Association is registered with the Tenants Services Authority under the Housing & Regeneration Act 2008, Industrial & Provident Registration LH3917.

23 HOUSING STOCK

	2011	2010
	No.	No.
Dwellings owned and in management:		
General needs	705	699
	<u>705</u>	<u>699</u>

24 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.

AKSA HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

25 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

Copies of the financial statements of New Charter Housing Trust which include the results of the Company, can be obtained from the registered office at the address above. No other accounts include the results of the Company.

26 SHARE CAPITAL

	£	£
Opening Balance as at 01.04.2010	34	34
Movement in the year	-	-
Closing Balance as at 31.03.2011	<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.

27 RELATED PARTY TRANSACTION

The Company has taken advantage of the exemption under FRS8 from the requirement to disclose relations to the Group companies on the grounds that it is wholly controlled subsidiary and that the Parent entity prepares Consolidated Financial Statements. The Company has tenant board members who are charged a weekly rent, but who do not benefit from any favourable treatment.

28 PRIOR PERIOD ADJUSTMENT

It has been identified that in the year to 31st March 2010, that a transfer from the major repairs reserve of £315,000 was incorrectly released to the income and expenditure account as opposed to being shown as a movement between the major repairs reserve (Included within designated reserves) and revenue reserves. This was a fundamental error and has resulted in the restatement of prior year's results. The effect of the restatement on the income and expenditure account is to increase management costs from £677,000 to £992,000. This resulted in a reduction in the surplus for the year of £315,000 from £420,000 to £105,000. The effect of the restatement on the revenue reserves is £nil as at 31 March 2010 and £nil as at 31 March 2009.