



Soha Housing Limited

Group Financial Statements

for the year ended

31 March 2011

Soha Housing Limited**Financial statements for the year ended 31 March 2011****CONTENTS**

The Board of Soha Housing is pleased to present their annual accounts and report for the year ended 31 March 2011. The contents are set out below.

	Page
Report of the Board – Operating and financial review	1
Report of the independent auditor on the financial statements	16
Income and expenditure account	17
Statement of total recognised surpluses and deficits	18
Note of historical cost surpluses and deficits	18
Balance sheet	19
Cash flow statement	20
Notes on the financial statements	21
Executive and advisors	46

Soha Housing Limited

Report of the Board – Operating and Financial Review

The pages following this report set out the financial results for the year and the auditors' report on them. The Board is pleased to present its report for the year which provides a commentary on these results and the operations of Soha during the year. This is set out in a number of areas:

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|---|--|
| a) Principal Activities | k) Statement of the Board's Responsibilities |
| b) Vision and Strategic Objectives | l) Internal Controls Assurance |
| c) Principal Risks | m) Housing Association Governance |
| d) Achievements and Investment for the Future | n) The Board and Executive Officers |
| e) Affordable Rents | o) Employment |
| f) Operational Performance | p) Charities |
| g) Key Performance Indicators Summary | q) Insurance and Health & Safety |
| h) Development and Sales | r) External Auditors |
| i) Asset Management | s) Statement of Compliance |
| j) Financial Review | |

a) Principal Activities

Soha's purpose is:

“to be excellent at providing and managing affordable homes and services in communities where people want to live”.

Our main activities are the letting, management, maintenance and development of places to live for people in housing need (i.e. the provision of social housing). We also manage related assets such as garages, leasehold properties, open spaces and estate roads and engage in related community development work.

b) Vision and Strategic Objectives

Our vision is to be:

- One of the best Housing Associations in the country
- An Association where there is a genuine belief and commitment to working with residents to drive service improvement and improve their lives and the community

Soha works towards five aims supported by objectives which form the basis for the three-yearly corporate plan. This plan is reviewed and approved by the Board annually. The aims and objectives from the current plan for 2010 to 2013 are summarised in the table below.

Aims and Objectives

Objective	Measured by	Progress
Aim 1. To have highly satisfied customers by		
<ul style="list-style-type: none"> Having high overall satisfaction with the landlord Having high customer satisfaction that our services meet individual needs 	<ul style="list-style-type: none"> Achieving top quartile result with Housemark a benchmark measure developed with tenants 	<ul style="list-style-type: none"> Overall tenant satisfaction has increased by 7% to 91% in latest STATUS survey Customer data captured and used for profiling. Customer Relationship Management system in place with individual data available.
Aim 2. To empower and maximise the involvement of residents to make a difference		
<ul style="list-style-type: none"> Develop with our residents measures to assess the power / influence our involved tenants have To be recognised as one of the leading associations in involving and empowering residents Deliver tenant-led self regulation 	<ul style="list-style-type: none"> Achieving top quartile result with Housemark Inspection reports or peer review Recognised model in place 	<ul style="list-style-type: none"> Satisfaction that views are taken into account, increased to 71% and in top quartile 3-star equivalent in Resident Involvement in Short Notice inspection One of top 10 co-regulation champions nationally as decided by TSA
Aim 3. To provide and maintain quality sustainable homes and communities by		
<ul style="list-style-type: none"> Having improved customer satisfaction with the quality of their home Having high customer satisfaction with the neighbourhood (top 25%) Reducing the average CO₂ emissions per property Improving estates to be safe, clean and green 	<ul style="list-style-type: none"> Achieving top 50% with Housemark to 2.61 Tonnes or below per year Deliver Community Action Plans 	<ul style="list-style-type: none"> 85% of residents are satisfied with the quality of their home 9 in 10 general needs tenants report that they feel safe in their neighbourhood CO₂ emissions reduced from 2.67 to 2.62 tonnes during the year One major estate completed in 2010. Work commenced on a 2nd estate after main priorities agreed with local residents
Aim 4. To be an excellent organisation to work for		
<ul style="list-style-type: none"> Re-accreditation for the Investors in People standard Continue to have at least 90% of staff who are proud to work for the organisation 	<ul style="list-style-type: none"> Achieve the silver rating Annual staff survey 	<ul style="list-style-type: none"> Assessment timetabled for May 2012 90% or above achieved for the last 5 years and 93% in 2010

Aims and Objectives

Aim 5. To have effective and efficient management

Objective	Measured by	Progress
<ul style="list-style-type: none">• Maintaining financial stability• Maintaining excellent Value for Money• To achieve excellent KPIs in rent arrears, void turnaround and tenant satisfaction with repairs and maintenance	<ul style="list-style-type: none">• Achieve top AVR rating• Inspection reports or Housemark benchmarking• Achieving top quartile result with Housemark	<ul style="list-style-type: none">• Top AVR rating achieved for 5 successive years.• 3-star equivalent for Value for Money in Short Notice inspection in late 2009.• Rent arrears comfortably in the second quartile; void turnaround has moved from the third quartile close to the top; and satisfaction with repairs estimated to be in the top quartile.

These aims are achieved by setting detailed annual objectives supported by a set of service improvement plans.

b) Vision and Strategic Objectives (ctd)

In the continued uncertain economic climate, Soha seeks to maximise its general financial health in the short term in order to remain viable and therefore able to deliver the aims in the Corporate Plan, now and in the future. There is, therefore, an over-riding objective in the 2011/12 Plan to take decisions that are in the best interests of Soha economically, bearing in mind the needs and situations of our residents.

c) Principal Risks

Soha reviews its risks every year in line with its comprehensive risk management strategy and risk register, so that it is able to respond quickly and proactively to any changes in the external environment that may affect its interests and customers.

The depressed economy in both the UK and the world, together with rising inflation, continues. The new government policies in the housing sector together with the Comprehensive Spending Review have resulted in change in both the development and tenancy environments. These all impact on risk management. Soha has been very proactive in managing the risks with regular reports to and discussions at Board meetings.

Soha's approach to risk involves all managers in the identification of risks and their consolidation into the risk register. The register contains details of the risk and its potential impact on the business, and further describes the controls in place to mitigate each risk. The risk is assessed using a traffic light system so that more significant risks can be easily recognised. The register is reviewed by both the Board and the Audit Committee on an annual basis.

The Board has also regularly reviewed the top ten risks facing Soha and those that are considered at the moment to be the most critical are:

1. Governance issues (including management of economic situation and failure to govern appropriately in changing political climate)
2. Inability to manage operational and financial impact of proposed changes to tenure and rent levels
3. Government policy not joined up giving higher risk of sudden change that has significant impact
4. Market rent levels estimated are too high and/or rent levels reduce over time
5. Asset management strategy fails
6. Co-regulation is not set up properly or is not good enough
7. Grant changes bias risk towards revenue based model more akin to commercial environment
8. Further loan finance is not in place in time for development cashflow needs
9. Costs of voids and responsive repairs considerably exceed budget
10. Arrears increase further due to recession

d) Achievements in the Year and Investment for the Future

Soha's Board and Senior Management Team are continually seeking to improve services and increase the provision and quality of housing. The top aim of the corporate plan is to

d) Achievements in the Year and Investment for the Future (ctd)

provide an excellent customer service and significant investment has been made during the year in the following projects:

- A high quality on-going customer care programme for all staff.
- An Excellence Fund where a budget of efficiency savings is set aside to invest in projects to move Soha's service towards excellence. This is jointly prioritised by management and residents with a view to integration into the mainstream budget where projects are successful.
- Implementing the recommendations made in the short notice inspection by achieving the actions set out in the action plan. This was signed off by our TSA regulator during the year.
- A new phone system and a bespoke Housing Customer Relationship Management system that integrates with existing major systems.
- Community action plans and estate improvement programmes to target problem estates.
- The completion of a 2 year project to fit solar panels to 130 properties to make energy costs more affordable for tenants.
- Achieving the Customer Services Excellence accreditation which is an award developed by the government for organisations that display quality and excellence.
- A review by the 4 National Tenant Organisations recognised our annual report, written by tenants, as one of the top 4 reports in the country.

e) Affordable Rents

Towards the end of 2010, the Government outlined details of a new affordable rent regime. Registered Providers will have the flexibility to convert vacant social rent properties to an affordable rent at up to 80% of market rent and introduce tenancies with fixed term reviews. Agreement must be reached with the Homes and Communities Agency about how the additional income should be re-invested.

The Board have formulated a strategy which outlines our approach to implementing Affordable Rents. It aims to balance the potential income to be generated whilst taking account of social factors such as rural location or extra care. Additional income generated will subsidise new developments of social or affordable housing.

f) Operational Performance

The Board sets out its review of the year in a published Annual Report sent to all tenants and stakeholders. This includes information about housing management, estate improvements and planned maintenance, development progress and performance.

Performance is also managed using key performance indicators ("KPIs") both set internally and those measured by the Tenant Services Authority. These are reported through a comprehensive management report which is produced monthly and circulated to the Board quarterly. The focus is on financial performance, key operating issues and a traffic light assessment of progress of the KPIs against targets. The main KPIs are set out in part g) and there is also focus on:

Soha Housing Limited

Report of the Board – Operating and Financial Review (continued)

f) Operational Performance (ctd)

- Achievement of four green lights in the annual TSA Assessment;
- Meeting loan covenants;
- Average repair cost and average empty property turnaround cost;
- Customer Service response times;

g) Key Performance Indicators Summary

The table below shows actual performance for 2010/11 against target and last year for a selection of the Association's key performance indicators:

Indicator	Actual 2010/11	Target 2010/11	Actual 2009/10
Tenant satisfaction with overall service	91%	87%	84%
Tenant satisfaction with views being taken into account	71%	70%	66%
Current tenant arrears	2.8%	2.5%	3.0%
Empty property turnaround	3.4 wks	3.5 wks	5.3 wks
EBITDA %	40.2%	40%	43.4%
Homes meeting Decent homes standard	99.8%	99.8%	99.8%
Properties with current gas certificates	100%	100%	99.9%
Repairs response times within target			
• Emergency	99.2%	99%	97.3%
• Urgent	99.5%	98%	98.6%
• Routine	97.4%	98%	97.0%
Homes developed or acquired	68	100	169
Average shared ownership sale turnaround	34.4 wks	23.0 wks	23.6 wks
Customer Service telephone calls answered within 20 seconds	83.1%	80%	77.4%

h) Development and Sales

During the year 68 units were constructed or acquired and Soha has a target to construct a further 150 units in 2011/12. Disposals through Right to Buy and Right to Acquire continue to be very low so overall units in management increased from 5,439 to 5,500.

Soha has continued its regional approach to development and during the year the programme has produced new properties in Woodstock, Abingdon and Oxford City as well as South Oxfordshire.

During the year 11 shared ownership and 18 outright sale properties were sold adding £6.3m (2010: £4.4m) to turnover and cross-subsidising the continuing development programme. The time taken, on average, to sell properties once completed was 34.4 weeks (2010: 23.6 weeks) against a target of 23 weeks. In the current economic climate, the Board feels this is good performance.

i) Asset Management

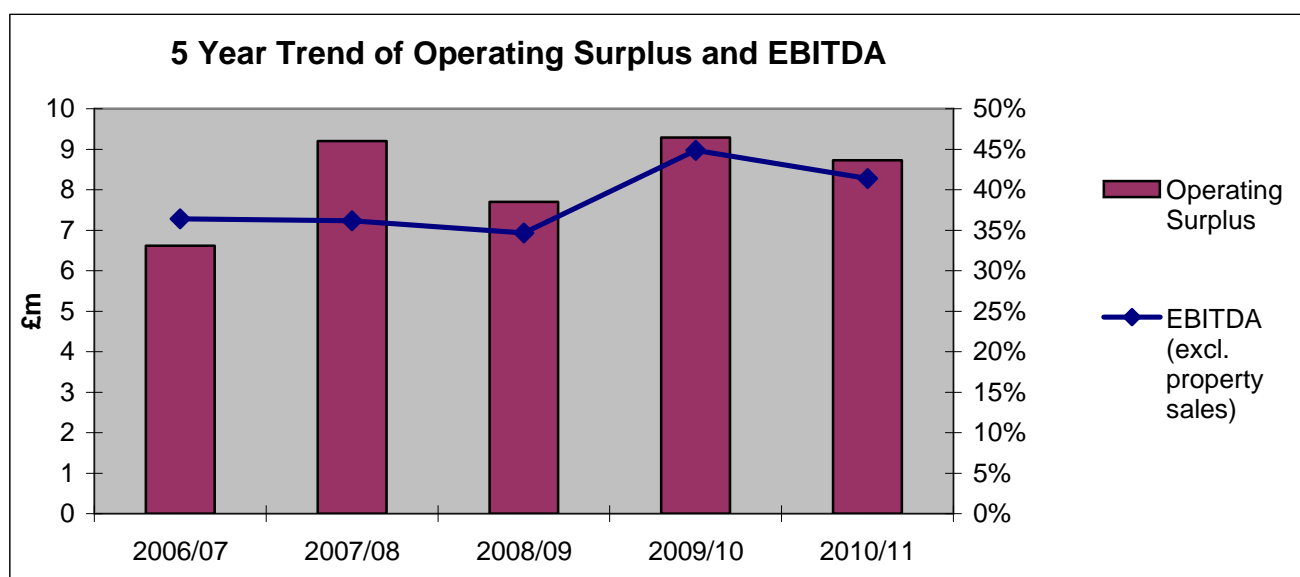
The Government required all Associations to meet the Decent Homes Standard by the end of 2010. Soha set a challenging target to meet the standard by 2008, 2 years early. We achieved this and at 31 March 2011 99.8% of homes meet the standard. No investment will be made to the remaining 8 properties due to future development plans. An enhanced standard “Decent Homes Plus” was developed in consultation with tenants, which applies an aspirational standard to individual components. Implementation of this is carried out through our normal planned maintenance programme.

The Asset Management strategy places a stronger emphasis on demand and sustainability, energy efficiency, and tenant involvement. Total spend on planned and major repairs in the year was £4.8m and included completion of a major project to install solar panel heating to 130 properties. Spend on this project was £526,000 over a two year period, and grant of £250,000 was awarded by the Low Carbon Building Programme.

At 31 March, there were 29 empty properties of which 9 were sheltered accommodation, although sheltered accommodation constitutes only 15% of our overall stock. In addition 90 sheltered units, 1 general needs unit and 1 key worker unit have been removed from the debit on the basis that they will not be relet in their current form. Soha’s Sheltered Housing strategy sets out how we intend to evaluate the viability of sheltered accommodation, taking into account the changing demands of our customer base, current and future demographics, corporate objectives and the financial impact to the business. A sheltered scheme in Woodcote is currently being redeveloped to provide up to date accommodation and a further scheme in Goring is being redeveloped into extra care accommodation.

j) Financial Review

Soha’s financial results for the year are set out on pages 17 to 45 following this report. The chart below shows the operating surpluses (£m) and EBITDA (%) over the last 5 years.



The main elements of the financial results are explained below:

Soha Housing Limited

Report of the Board – Operating and Financial Review (continued)

j) Financial Review (ctd)

Income and Expenditure Account

Key elements:	2011 £'000	2010 £'000	Increase/ (Decrease) £'000
Turnover on social housing lettings	24,221	23,873	348
Turnover from property sales	6,318	4,376	1,942
Surplus on 1 st tranches	268	323	(55)
Operating costs	16,236	15,165	1,071
Housing depreciation	1,701	1,666	35
Interest payable	5,419	5,243	176
Surplus for year	3,513	3,973	(460)

Soha made a surplus for the year of £3,513,000. £268,000 has been added to the operating surplus through first tranche sales of shared ownership properties. The overall surplus is after deducting housing depreciation of £1,701,000.

The surplus included the effect of revaluing properties in previous years. If it was adjusted for the realisation of previous revaluations of properties sold this year (£139,000) and a difference in depreciation charges (£934,000), the historical cost surplus would have been £4,586,000 (2010: surplus £5,130,000).

Key elements of the results are:

- Turnover from **social housing lettings** increased by £348,000 due to rent increases in April 2010 and the number of available units for letting increasing through the completion of development projects.
- Sales of **developed properties** decreased this year to 28 units from 38 units in 2010. 18 of these properties were outright sales and so turnover increased to £6,318,000.
- **Operating costs** increased by £1.1m, £742,000 of which was attributable to a decision to defer some planned maintenance expenditure from 2009/10 into 2010/11.
- **Interest paid** remained low due to continued low interest rates and good treasury management, although it was £176,000 higher than in 2010.
- EBITDA and interest cover are KPIs which are monitored internally: EBITDA decreased to 41.4% (2010: 43.4%) and interest cover improved to 1.89 (2010: 1.53).

Component Accounting

Under the revised SORP 2010 component accounting will be adopted next financial year. In future a proportion of the work currently undertaken through the Planned Maintenance programme will be capitalised as components. Those components that are to be capitalised have been identified. The changes will have a significant impact on the accounts and net profit from next year.

j) Financial Review (ctd)

Balance Sheet

At 31 March 2011, Soha's balance sheet showed total assets less current liabilities of £306.3m (2010: £305.6m) - a small increase compared with the position at 31 March 2010. The main points are as follows:

- The carrying value of Soha's properties at 31 March 2011 was £300m (2010: £295m). The stock was last valued at 31 March 2009 by Drivers Jonas and was based on discounted future cashflows on an EUV-SH basis. One class of assets was not revalued as this would be inappropriate (see note 12) and these are included at cost less depreciation.
- The cost of improvements of £361,000 (2010: £349,000) has been capitalised under capitalisation rules set out in FRS 15 and the SORP. Component accounting will be adopted next year and the value of improvements to be capitalised will significantly increase.
- Expenditure on development schemes was £7.2m net of Social Housing Grant of £3.5m representing 66 completed new build properties with a further 281 units under construction at 31 March.
- At 31 March 2011, Soha's net current assets amounted to £2.9m (2010: £8.2m), the fall being primarily due to the sale of properties held as current assets in 2010.

The Board considers that the results for the year have been excellent and that Soha has adequate resources to achieve the objectives set out in its Corporate Plan and sustain the activity set out in the related 30 year Business Plan.

Capital Structure and Treasury Policy

Soha has a formal Board approved treasury policy which follows the revised CIPFA Code of Practice. Its approach to treasury is that it is a function that allows access to funds to carry on its business, not as a separate business activity that is expected to produce surpluses itself. As such, while Soha attempts to take advantage of opportunities to borrow at lower cost, it is primarily concerned with managing cash flow effectively and monitoring the risk inherent in treasury activities.

There are 2 loan facilities with 2 funders in place for a total of £155m. A new facility with Barclays Bank Plc for £20m until September 2040 was negotiated during the year. No drawdowns have been made on this yet, but once drawdown, repayments will be made on a gradual basis from September 2020.

j) Financial Review (ctd)

The existing loan facility with Dexia Public Finance Bank Plc is for £135 million until January 2041. £25 million of the facility is on a revolving basis, the remainder has to be repaid on a gradual basis starting in January 2017. The profile of the debt is as follows:

Tranches at fixed rates:	£m	£m
due to mature in under 5 years	25.00	
in 5-10 years	10.00	
in 20-25 years	<u>10.00</u>	
		45.00
Tranches at fixed rates cancellable at bank's option:		
due to mature in 20-25 years	25.00	
in 25-30 years	<u>25.00</u>	
		50.00
Tranches at variable rates (1 month LIBOR)		<u>30.25</u>
Total loan drawdown at 31 March 2011		<u>125.25</u>

The Association also has a forward fix in place for £20 million aligned to the maturity of the shortest fix above for a further 10 years.

Fixed rates vary from 3.23% to 5.44% (excluding margin). Cancellable options can be exercised quarterly and annually and for £25 million cannot be exercised before June 2013. Soha also has a forward fix for £20 million from maturity of the shortest fix for another 10 years.

k) Statement of the Board's Responsibilities

The Board is required to prepare financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year which gives a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Board must:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed. Any material departures must be disclosed and explained in the financial statements;
- prepare the financial statements on a 'going concern' basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996. It is also responsible for maintaining a satisfactory system of control over the accounting records and transactions and for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

I) Internal Controls Assurance

The Tenant Services Authority (TSA) used to set out their guidance in circular 07/07. This has now been withdrawn. Under it, the Board was required to ensure internal controls were in place and they consider that as good practice they should continue to do so. Therefore, they confirm this through the following statement:

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

The Board recognises that it is responsible for the Association's system of internal control and its effectiveness. In meeting these responsibilities, the Board has adopted a risk-based approach to internal controls embedded within normal management and governance processes. This includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is in line with the Tenant Services Authority's previous circular 07/07: *Internal controls assurance*.

The Audit Committee, on behalf of the Board, has carried out an annual review of the process adopted by the Board in reviewing the effectiveness of the system of internal control. Some of the key elements of the control framework include:

a) Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. The Senior Management Team and the Audit Committee regularly consider reports on significant risks facing the Association and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. The key risks facing the Association at the moment have been discussed by the Board recently and are set out in part (c) of the OFR. The Board have taken an active approach to the risks arising from current uncertainty in the property and funding markets, which has included the setting up of a working group and the consideration of a series of papers on the issues during the year.

b) Board and Audit Committee overview

The Audit Committee and the Board review risk management on a continuous basis and review regular reports and assurance from Senior Management on internal control. A process of self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken for any significant control issues, particularly those that might have a material impact on the financial statements.

c) Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. The Board disseminates its requirements to all employees through the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. Where failings or weaknesses in control are identified, action is taken to remedy them and progress reported to the Audit Committee and/or the Board. There have been no significant failings or weaknesses identified during the year.

d) Internal Audit

In previous years, the internal control framework and risk management process was subject to regular review by Internal Audit. Since 2009/10, the Audit Committee and Board decided not to use a formal internal audit programme. Instead, it was felt better Value for Money could be obtained by identifying specific areas for internal review combined with an annual overall review of main controls. This is the approach that has been adopted.

e) Tenant Inspectors and the Scrutiny Group

The Association has developed with tenants a robust Co-regulation model which includes Tenant Inspectors who test the Association's standards and a Tenant Scrutiny Group who challenge the Association's decisions and planning at a strategic level. This model is recognised and the Association is one of ten Co-regulation Champions nationally.

The Tenant Scrutiny Group has completed three reviews: looking at the Association's compliance with TSA standards, the Association's response to changes in social housing and the development of the Association's local offers.

f) External Inspection and Accreditation

The Association is committed to good quality management systems. It has gained and maintained the Investors in People accreditation. The Association is working towards excellence in all its activities, especially those that affect tenants directly and in March 2011, the Association achieved the Customer Services Excellence (CSE) Accreditation. This follows on from the Short Notice Inspection carried out by the Audit Commission in late 2009. The results are noted in section f) of the Report of the Board.

g) The Tenants' Services Authority Standards

During the year, the TSA Standards have replaced the Regulatory Code. The Standards require providers to set out what they offer to tenants, set local standards and explain how they meet the TSA Standards.

The Association produced a separate document which was distributed to tenants with their Annual Report in September 2010. The Board believe this was transparent and clear and have used it as evidence that the Association complies with the TSA Standards.

h) Performance Indicators and information/financial reporting systems

Financial reporting procedures for the Association include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

i) Annual Review

The Board has received the Executive Officers' annual report and the annual review of the effectiveness of the system of internal control from the Audit Committee and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

As a result of the above, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place for the year ended 31 March 2011 and the subsequent period to 27 July 2011.

m) Housing Association Governance

The National Housing Federation produces a Code of Governance. As this sets out best practice, Soha has adopted the code in its rules, regulations, policies and procedures. Soha complies with all elements of the code with the exception of the recommendation on the term of Board appointments.

The code states that Board appointments should be for fixed terms of 3 years subject to a maximum term of office of 3 terms. Soha's rules state that any Board member appointed after 1 January 2002 may only serve 3 terms; however Board members appointed prior to this date may serve 4 terms. The Board considers this appropriate so as to allow for smooth Board continuity and progression.

Soha's Board of 12 is made up of 4 tenant representatives, 6 members of the wider community, 1 co-optee and the Chief Executive. Board membership reflects a wide cross-section of tenant, professional, commercial and public sector interests and members are selected for the skills and experience which they can bring. Soha pays Board members with a specific portfolio. The rates of pay are in line with those recommended by The National Housing Federation and the total amounts paid are set out in note 7 to the accounts.

There are two formal committees: Audit and Personnel as well as a separately constituted Tenants' Forum which reviews operating performance and comments on policies.

The Board is responsible for determining Soha's strategy and policies and for ensuring that its affairs are properly managed. The implementation of these has been delegated to the Chief Executive who meets formally with the Directors and senior managers regularly.

n) The Board and Executive Officers

The Board and Executive Officers are listed on page 46. There were no changes to the Board members in the year. Tracey James is co-opted to the Audit Committee.

With the exception of the Chief Executive, each full Board member holds one share in the Association. The Executive Officers of Soha hold no interest in the Association's share capital and although, with the exception of the Chief Executive, they do not have the legal status of directors, they act as executives within the authority delegated by the Board.

n) The Board and Executive Officers (ctd)

The Executive Officers and Senior Management team are listed below:

Richard Peacock	(Chief Executive)
Maureen Adams	(Director of Customer Services)
Steve Lynch	(Director of Property & Development)
Paul Rennard	(Director of Finance & Resources)
Lee Hayward	(Assistant Director of Customer Services)
Adrian Brunskill	(Head of Housing)
Emma Lovett	(Financial Controller)
Penny Gotch	(Legal Services Manager)
Richard Smith	(Asset Manager)
Catherine Little	(Policy and Initiatives Manager)

o) Employment

Soha is committed to working actively to promote equality of opportunity both in its employment practices and in the delivery of its services. It is committed to continually reviewing its employees' training and development needs and has a comprehensive appraisal procedure to help achieve this. Soha's work in this area has been recognised by accreditation under the Investors In People scheme.

Employees participate actively in the development of Soha's objectives, both strategic and operational, through team meetings, the annual staff conference, regular briefing sessions and the Staff Consultative Committee.

Staff surveys are regularly undertaken and it is a sign of the commitment of all employees that over 90% of staff are proud to work for Soha.

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to each individual's particular aptitude and abilities. Every effort is made to supply all necessary building adaptations and employment equipment to enable disabled employees to carry out the full duties of their jobs.

p) Charities

In addition to time and support given to local charities, several small donations were made during the year to local community groups. The Tenants' Forum also manage a Community Chest fund which awards grants to small tenant and community groups whose project is of benefit to the local community and involves Soha tenants.

q) Insurance and Health & Safety

Soha maintains a range of insurance policies to protect the association against various risks. These are reviewed before renewal each year and cover is adjusted to take account of changing risks and Value for Money. The policies include cover for members of the Board and executive officers against liabilities in relation to Soha and its activities.

The Board recognises its responsibilities on all matters relating to health and safety, and have appropriate policies and procedures in place. The health and safety of all staff is monitored by the Health and Safety Committee which meets quarterly and supervises risk appraisals. Training is provided to staff each year on health and safety issues relevant to their jobs and Soha's policy is regularly reviewed to ensure compliance with current legislation and best practice.

r) External Auditors

BDO LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

s) Statement of Compliance

In presenting the Operating and Financial Review on pages 1 to 14 the Board has endeavoured to follow principles regarding purpose, audience, timeframe, reliability, comparability and financial and non-financial measures as set out in the Statement of Recommended Practice for Accounting by Registered Social Landlords Update 2008.

On behalf of the Board

CAROLE BURCHETT

Chair

27 July 2011

We have audited the financial statements of Soha Housing Limited for the year ended 31 March 2011 which comprise the group and association income and expenditure accounts, the statement of total recognised surplus, the note of historical cost surplus and deficit, the group and association balance sheets, the group and association cash flow statement, and the related notes. 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 the Housing and Regeneration Act and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the statement of board member responsibilities, the board members 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2011 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 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 we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

*BDO LLP, statutory auditor
Epsom, Surrey*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Soha Housing Limited

Income and expenditure account for the year ended 31 March 2011

	<i>Note</i>	Group		Association	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Turnover	3	31,108	28,996	31,733	29,971
Cost of sales	3	(6,208)	(4,544)	(6,208)	(4,544)
Operating costs	3	(16,236)	(15,165)	(16,167)	(16,881)
Operating surplus	3	8,664	9,287	9,358	8,546
Surplus/(Deficit) on sale of properties and land	5	196	(87)	196	(87)
Interest receivable	9	12	14	9	7
Interest payable	10	(5,419)	(5,243)	(5,419)	(5,243)
Surplus on ordinary activities before tax	8	3,453	3,971	4,144	3,223
Tax on surplus on ordinary activities	11	-	2	-	-
Surplus for the financial year		3,453	3,973	4,144	3,223

All amounts relate wholly to continuing activities.

The notes on pages 21 to 45 form part of these financial statements.

Soha Housing Limited

Statement of total recognised surplus for the year ended 31 March 2011

	<i>Note</i>	Group		Association	
		2011	2010	2011	2010
		£'000	£'000	£'000	£'000
Surplus for the financial year		3,453	3,973	4,144	3,223
Unrealised surplus on revaluation of properties		-	51	-	51
Unrealised surplus on revaluation on shared equity properties and investment loans	15,23	-	-	-	-
Total recognised surplus since last annual accounts		3,453	4,024	4,144	3,274

Soha Housing Limited

Note of historical cost surplus and deficit for the year ended 31 March 2011

		Group		Association	
		2011	2010	2011	2010
		£'000	£'000	£'000	£'000
Reported surplus on ordinary activities before taxation		3,453	3,973	4,144	3,223
Realisation of property revaluation surplus of prior years	5, 23	139	227	139	227
Difference between actual depreciation charge and that based on historic cost	23	934	936	934	936
Historical cost surplus on ordinary activities before taxation		4,526	5,136	5,217	4,386
Taxation	11	-	2	-	-
Historical cost surplus for the year after taxation		4,526	5,138	5,217	4,386

The notes on pages 21 to 45 form part of these financial statements.

Soha Housing Limited

Balance sheet as at 31 March 2011

	Note	Group		Association	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Tangible fixed assets					
Housing properties	12	299,992	294,758	299,992	294,758
Property loans receivable	14	552	-	552	-
Investments	15	589	589	589	589
Other tangible fixed assets	16	2,232	2,024	2,232	2,024
		303,365	297,371	303,365	297,371
Current assets					
Land and Properties held for resale	13	3,566	8,070	3,566	8,070
Debtors	18	1,469	1,508	1,507	1,679
Cash at bank and in hand		4,243	5,268	827	1,028
		9,278	14,846	5,900	10,777
Creditors: amounts falling due within one year	19	(6,395)	(6,629)	(6,392)	(6,626)
Net current assets		2,883	8,217	(492)	4,151
Total assets less current liabilities					
		306,248	305,588	302,873	301,522
Creditors: amounts falling due after more than one year	21	125,707	128,500	125,707	128,500
Capital and reserves					
Share capital	22	-	-	-	-
Revenue reserve	23	11,395	6,874	8,020	2,808
Restricted reserve	23	938	933	938	933
Revaluation reserve	23	168,208	169,281	168,208	169,281
Total capital and reserves		180,541	177,088	177,166	173,022
		306,248	305,588	302,873	301,522

In view of the constitution of the Association all shareholdings are considered to relate to non-equity interests as disclosed in note 22.

The financial statements were approved by the Board on 27 July 2011 and were signed on its behalf by:

CAROLE BURCHETT
Chair

JONATHAN WHEELER
Board Member

RICHARD PEACOCK
Secretary

The notes on pages 21 to 45 form part of these financial statements.

Soha Housing Limited

Cash flow statement for the year ended 31 March 2011

	<i>Note</i>	Group		Association	
		2011	2010	2011	2010
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	25	15,553	9,498	16,380	9,364
Returns on investments and servicing of finance					
Interest received		40	42	36	36
Interest paid		(5,458)	(5,286)	(5,457)	(5,286)
Taxation		-	-	-	-
Investments		110	126	110	126
Capital expenditure and capital receipts					
Construction and purchase of housing properties		(12,195)	(12,802)	(12,195)	(12,802)
Sale of properties		1,160	734	1,160	734
Social Housing Grant received		3,426	5,112	3,426	5,112
Purchase of other fixed assets		(359)	(186)	(359)	(186)
Net loans (provided)/redeemed		(552)	-	(552)	-
Net cash outflow from capital expenditure and receipts		(8,520)	(7,142)	(8,520)	(7,142)
Cash inflow/(outflow) before use of financing		1,725	(2,762)	2,549	(2,902)
Financing					
Repaid loans		(2,750)	(1,500)	(2,750)	(1,500)
Net cash outflow from financing	25	(2,750)	(1,500)	(2,750)	(1,500)
Decrease in cash in the year	25	(1,025)	(4,262)	(201)	(4,402)

The notes on pages 21 to 45 form part of these financial statements.

1 Background

The Association is incorporated as a charitable Industrial and Provident Society under the Industrial and Provident Societies Act 1965. The Association is a Registered Provider, registered with the Tenant Services Authority under the Housing Act 1996.

2 Principal Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of housing properties and in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords 2008". A summary of the principal accounting policies is set out below on pages 20-24. There have been no changes during the year.

Fixed assets - housing properties

Housing properties are properties held for rent, including the retained share of shared ownership properties. All properties are revalued at least every 5 years by independent valuers (with an interim valuation every 3 years if a full revaluation has not been carried out), except for those managed by third parties, properties under construction and those assets which, although currently being rented, are held ultimately for resale. The aggregate surplus on revaluation is transferred to a revaluation reserve. The last revaluation was carried out at 31 March 2009. Properties which have not been revalued are shown at cost less depreciation.

The carrying value of the housing properties in the balance sheet (including the land on which the properties stand) is calculated using the Existing Use Value for Social Housing basis in the year in which a full or interim revaluation is carried out. In other years new properties added during the year are shown at cost. Depreciation of housing properties is required under Financial Reporting Standard 15 with the depreciable amount being the difference between the carrying value of the properties and their residual value at the end of their useful economic life. In line with guidelines from the Homes and Communities Agency, the residual value is considered to be a percentage of the valuation based on a matrix issued by the National Housing Federation based on data from the Valuation Office, which has been updated to reflect property price inflation. The useful economic life of all properties is estimated at an average of 100 years.

Costs relating to leasehold properties are written off over the term of the lease or 50 years, whichever is the shorter.

Properties are not shown in the balance sheet at an amount exceeding their recoverable amount. An impairment review is carried out annually to identify properties that may have a permanent diminution in value. Properties held in fixed assets but are held with a view to ultimate resale, e.g. properties market rented over the short term but which will be sold in the medium term, are considered a separate class of asset and are carried at cost less accumulated depreciation and are subject to a review against net realisable value using a similar approach to that used for land and properties held for resale.

2 Principal Accounting Policies (ctd)

Improvements

The Group capitalises, at cost, expenditure on housing property which significantly extends its useful life or which generates an increase in net rental income or a substantial reduction in future maintenance costs. Expenditure is recognised as an addition to the asset only to the extent that it provides an economic benefit in excess of the standard of performance anticipated when the asset was first acquired or constructed or last replaced.

Social Housing Grant and other grants

SHG is receivable from the Homes and Communities Agency and/or local authorities towards the acquisition or development of properties and is used to reduce the capital costs of new social housing. SHG is repayable indefinitely unless formally abated or waived. Following the sale of property originally funded by SHG or certain other specific events, the grant is repayable, but will be restricted to the net proceeds of sale where appropriate. On the sale of such a property, the SHG can be reinvested in newly developed or acquired properties. Prior to the reinvestment, the amount of SHG is treated as part of the Recycled Capital Grant Fund included within creditors.

SHG received in advance of development costs is shown as a current liability. SHG due to the Group is shown as a debtor. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it related. The treatment of other grants follows that for SHG.

Property sales

Under shared ownership arrangements, the Group disposes of a long lease of shared ownership housing units to persons who occupy them, at a lease premium equal to between 25% and 75% of open market value. The occupier usually has the right to purchase further proportions at the then current valuation up to 100% unless this is restricted by the section 106 agreement. Proceeds of sale of all tranches are included in income and expenditure account. Proceeds from first tranches are included in turnover and from subsequent tranches are treated as sales of fixed assets and included in the surplus/deficit on sale of properties and land.

Proceeds from properties developed to be sold on the open market and from shared equity sales are reflected in the income and expenditure account in turnover. Under shared equity arrangements, the Group disposes of the freehold or a long lease of shared equity housing units to persons who occupy them. The occupier does not have the right to purchase any further proportion. Where the Group retains an equity share in properties it is held as fixed asset investment in property.

Recycled Capital Grant Fund and Disposal Proceeds Fund

Following certain relevant events, mainly sales of properties or shares in properties under Right to Buy arrangements, through Shared Ownership staircasing or for asset management reasons, the Group disposes of properties where SHG or other grant was obtained when they were built, bought or sold. The Homes and Communities Agency can direct the Group to recycle or repay the attributable grant and, in some cases, net proceeds. The amounts to be recycled are transferred to, and held in, a recycled capital grant fund or a disposal proceeds fund, which are shown in creditors.

2 Principal Accounting Policies (ctd)**Other fixed assets and depreciation**

Depreciation is charged on other fixed assets on a straight-line basis over their expected economic useful lives. The Association owns the freehold land and building it uses as its Head Office. The land element of the cost is not depreciated; the remaining cost is depreciated over 50 years. Other tangible fixed assets are stated at cost less accumulated depreciation. The following annual rates are used to write off their cost less estimated residual values:

Freehold office improvements	10%
Office furniture and equipment	At various rates from 20-25%
Computer equipment	33 ¹ / ₃ %
Scheme equipment	20%
Vehicles	25%

Investments in Properties

Under the Starter Home Initiatives Scheme, the Association made investments in the form of loans to key workers to buy their homes. The loan represents an equity percentage which must be repaid when the key worker sells the property. The investments are revalued annually in line with the private housing market using the regional house price index issued by the Government. When a property is sold any surplus or deficit above or below the carrying value of the investment is reflected in the income and expenditure account.

For properties sold under Shared Equity arrangements, the Group retains an equity percentage which must be repaid to the Group when the property is sold. The investment is revalued annually and surpluses/deficits are reflected as above.

The Easymove mortgage scheme is a shared equity purchase product which offers equity loans towards the purchase of a new build home on selected developments. For properties sold under the Scheme, the Group makes a loan for a percentage of the property value which is secured by a legal charge. 100% of the sale price is reflected in turnover while the loan is retained.

Land and Properties held for resale

The appropriate share of costs of housing properties that are built with the intention of full or partial resale, including equity share and shared ownership properties, are disclosed as current assets and stated at the lower of cost or net realisable value. Net realisable value is a judgement and is estimated by the Directors based on anticipated income after taking into account costs to complete where appropriate. Similarly the cost of any land held for resale is included as a current asset.

When land or properties are sold, their costs, together with any selling and marketing costs, are transferred to the income and expenditure account and included in cost of sales. Where a property is part of a distinct development scheme with mixed tenure elements, the surplus recognised on the elements sold is limited to the surplus calculated on the entire scheme. For the elements that are retained as fixed assets, the surplus or deficit is calculated by reference to the assets' existing use value for social housing. Any restriction applied to the surplus is included in cost of sales and added to the cost of the retained fixed assets.

2 Principal Accounting Policies (ctd)

Bad and doubtful debts

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

Deferred taxation

As a charitable company, the Association is not liable for tax on its mainstream activities. If tax were anticipated on non-charitable activity or in a non-charitable subsidiary then the following policy applies. Deferred tax balances recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- Deferred tax is not recognised on timing differences on revalued properties unless the Association has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- The recognition of deferred tax assets is limited to the extent that the Group clearly anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Turnover

Turnover represents rental and service charge income receivable, net of rent losses from voids, together with income receivable in respect of other services provided and first tranche shared ownership, equity share and open market property sales made during the year.

Sales under Right to Buy legislation

Surpluses or deficits arising from the disposal of properties both under Right to Buy or Right to Acquire legislation and for asset management reasons are disclosed on the face of the income and expenditure account. The surpluses or deficits disclosed in relation to Right to Buy are net of any sums payable to South Oxfordshire District Council under the terms of a clawback agreement ending on 31 March 2018.

Pension costs

The Association participates in the industry-wide, multi-employer defined benefit Social Housing Pension Scheme. Retirement benefits to employees of the Association are funded by contributions from the employers and employees participating in the scheme. Payments are made to a fund administered by the Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. The expected cost to the Association of pension contributions is charged to the income and expenditure account so as to spread the pension cost over the service lives of employees.

Leased assets

Rentals paid under operating leases are charged to the income and expenditure account in the period to which they relate.

2 Principal Accounting Policies (ctd)

Value Added Tax (VAT)

The Group is registered for VAT. A large proportion of its income, including rents, is exempt from VAT. Most of its expenditure is subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Any VAT recovered under the partial exemption rules is credited to the income and expenditure account.

Consolidation

The Group is required to produce group accounts. The consolidated income and expenditure account, balance sheet and cash flow statement include the financial statements of the Association and its subsidiaries up to 31 March 2011. Intragroup sales and surpluses charged at transfer prices are eliminated fully on consolidation.

3 Turnover, Operating Costs and Operating Surplus

Group	Year ended 31 March 2011				Year ended 31 March 2010			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	24,221	(55)	(15,599)	8,567	23,873	(36)	(14,384)	9,453
Other social housing activities:								
Supporting People contracts	-	-	-	-	177	-	(119)	58
Leaseholder services	103	-	(146)	(43)	100	-	(111)	(11)
Development administration	-	-	(386)	(386)	-	-	(468)	(468)
Other	37	(14)	(19)	4	4	(3)	(11)	(10)
Total other social housing activities	140	(14)	(551)	(425)	281	(3)	(709)	(431)
Non-social housing activities:								
Lettings	216	(58)	(67)	91	466	(179)	(70)	217
Other	213	(28)	(19)	166	-	-	(2)	(2)
Total non-social housing activities	429	(86)	(86)	257	466	(179)	(72)	215
Total excluding property sales	24,790	(155)	(16,236)	8,399	24,620	(218)	(15,165)	9,237
Property Sales:								
Social housing:								
Shared Ownership 1 st tranche sales	1,194	(923)	-	271	3,467	(3,144)	-	323
Non-social housing:								
Outright Sales	5,124	(5,130)	-	(6)	909	(1,182)	-	(273)
Total property sales	6,318	(6,053)	-	265	4,376	(4,326)	-	50
Total	31,108	(6,208)	(16,236)	8,664	28,996	(4,544)	(15,165)	9,287
Analysed:								
Social housing	25,555	(992)	(16,150)	8,413	27,621	(3,183)	(15,093)	9,345
Non-social housing	5,553	(5,216)	(86)	251	1,375	(1,361)	(72)	(58)
Total	31,108	(6,208)	(16,236)	8,664	28,996	(4,544)	(15,165)	9,287

Soha Housing Limited

Notes on the Financial Statements – 31 March 2011 (continued)

3 Turnover, Operating Costs and Operating Surplus (ctd)

Association	Year ended 31 March 2011				Year ended 31 March 2010			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	24,221	(55)	(15,599)	8,567	23,873	(36)	(14,384)	9,453
Other social housing activities:								
Supporting People contracts	-	-	-	-	177	-	(119)	58
Leaseholder services	103	-	(146)	(43)	100	-	(111)	(11)
Development administration	-	-	(386)	(386)	-	-	(468)	(468)
Gift Aid donation/adjustment	-	-	66	66	-	-	(1,725)	(1,725)
Other	662	(14)	(16)	632	979	(3)	(4)	972
Total other social housing activities	765	(14)	(482)	269	1,256	(3)	(2,427)	(1,174)
Non-social housing activities:								
Lettings	216	(58)	(67)	91	466	(179)	(70)	217
Other	213	(28)	(19)	166	-	-	-	-
Total non-social housing activities	429	(86)	(86)	257	466	(179)	(70)	217
Total excluding property sales	25,415	(155)	(16,167)	9,093	25,595	(218)	(16,881)	8,496
Property Sales:								
Social housing:								
Shared Ownership 1 st tranche sales	1,194	(923)	-	271	3,467	(3,144)	-	323
Non-social housing:								
Outright Sales	5,124	(5,130)	-	(6)	909	(1,182)	-	(273)
Total property sales	6,318	(6,053)	-	265	4,376	(4,326)	-	50
Total	31,733	(6,208)	(16,167)	9,358	29,971	(4,544)	(16,881)	8,546
Analysed:								
Social housing	26,180	(992)	(16,081)	9,107	28,596	(3,183)	(16,811)	8,602
Non-social housing	5,553	(5,216)	(86)	251	1,375	(1,361)	(70)	(56)
Total	31,733	(6,208)	(16,167)	9,358	29,971	(4,544)	(16,881)	8,546

Soha Housing Limited

Notes on the Financial Statements – 31 March 2011 (continued)

4 Income and Expenditure from Social Housing Lettings

Group and Association	General needs housing £'000	Supported housing** £'000	Key worker housing £'000	Low cost home ownership £'000	Other £'000	2011 Total £'000	2010 Total £'000
Turnover from social housing lettings							
Rent receivable net of service charges and void losses*	19,432	2,781	181	603	-	22,997	22,466
Service charges receivable	181	534	3	78	-	796	759
Charges for care and support services	-	35	-	-	-	35	241
Garage rents and other income	66	8	-	16	287	377	349
Net rent and service charges receivable	19,679	3,358	184	697	287	24,205	23,815
Revenue grants	16	-	-	-	-	16	58
Total turnover from social housing lettings	19,695	3,358	184	697	287	24,221	23,873
Cost of sales	53	2	-	-	-	55	36
Expenditure on social housing lettings							
Management	2,990	481	32	140	102	3,745	3,343
Services	587	967	6	6	56	1,622	1,467
Care and support costs	39	51	-	-	-	90	272
Routine maintenance	2,655	698	23	4	19	3,399	3,432
Planned maintenance	2,694	299	5	-	-	2,998	2,742
Major repairs expenditure	1,443	364	-	-	-	1,807	1,281
Bad debts	131	25	-	20	-	176	125
Depreciation of housing properties	1,328	245	22	85	-	1,680	1,651
Other costs	37	27	-	18	-	82	71
Total expenditure on social housing lettings	11,904	3,157	88	273	177	15,599	14,384
Operating surplus on social housing lettings	7,738	199	96	424	110	8,567	9,453

Notes:

*Rent losses from voids excluding garages

** including housing for older people

	95	73	2	-	-	170	351
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5 Surplus on Sale of Properties and Land

Group and Association	2011 £'000	2010 £'000
Proceeds net of amount due to South Oxfordshire District Council	992	678
Less: Disposals at valuation	(602)	(338)
Costs of sale	(77)	(87)
Transfers to creditors	(334)	(354)
Adjustment for Social Housing Grant in previous years	193	-
Net surplus on Starter Home Initiative loans redeemed	24	14
Surplus/(deficit) for the year based on valuation	196	(87)
Revaluation surplus realised on disposals	139	227
Surplus for the year based on historic cost	335	140

6 Directors' Emoluments and Expenses

For the purposes of this note, Directors are defined as Board members and the Executive Officers of the Association (i.e. Chief Executive, Director of Finance & Resources, Director of Customer Services and Director of Property & Development).

	2011 £'000	2010 £'000
Aggregate emoluments payable to directors (including pension contributions and benefits in kind):		
Amounts payable to executive staff (see note below)	469	451
Amounts payable to non-executive Board members	36	37
	505	488
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	126	120

The Executive Officers are all members of the Social Housing Pension Scheme. Contributions are made by the Association at the same rates as all other employees and no enhanced or special terms apply.

Non-executive Board members with portfolios are paid for roles they perform but are not members of the pension scheme. Their emoluments for the year are included above. In addition, Board members (including the Chief Executive) have claimed the following expenses during the year.

	2011 £'000	2010 £'000
Expenses reimbursed to Board members	5	6

7 Employee Information

The average number of people, including Executive Officers but excluding the Board, employed by the Association during the year was:

	2011		2010	
	Number	Full-time Equivalent	Number	Full-time Equivalent
Office staff	89	84	86	80
Scheme Managers	5	5	12	12
	94	89	98	92

The full-time equivalent is based on a 37 hour week.

	2011	2010
	£'000	£'000
Staff costs (for all of the above staff and Board Members)		
Wages and salaries	2,863	2,778
Social security costs	251	248
Pension costs (see note 26)	335	288
	3,449	3,314

8 Surplus on Ordinary Activities Before Tax

Group and Association

The surplus on ordinary activities before tax is stated after charging:

Depreciation

- housing properties

- other fixed assets

Operating lease rentals

- land and buildings

- other

External auditors' remuneration (including VAT)

- in their capacity as auditors

- other services

Group		Association	
2011	2010	2011	2010
£'000	£'000	£'000	£'000
1,701	1,666	1,701	1,666
150	130	150	130
22	22	22	22
20	17	20	17
30	37	27	34
4	14	4	12

9 Interest Receivable

Group and Association

From bank and money market deposits

From group companies

Group		Association	
2011	2010	2011	2010
£'000	£'000	£'000	£'000
12	14	8	7
-	-	1	-
12	14	9	7

10 Interest Payable

Group and Association

Payable to funders:

On housing loans repayable in more than five years

On housing loans repayable in less than five years

Payable to South Oxfordshire District Council

Allocated to RCGF and DPF

2011	2010
£'000	£'000
5,386	5,237
-	-
5,386	5,237
1	-
32	6
5,419	5,243

11 Taxation on Surplus on Ordinary Activities

On 13 July 2009, the Association converted to charitable rules and to that date had not accumulated any taxable profits. After this date no tax will be payable providing the Association carries out charitable activities. Therefore it is not appropriate to provide a deferred tax asset or liability as it is reasonably certain that no tax liability will arise now or in the future.

As a result of the above, in the year ended 31 March 2011, the Association's income is exempt from Corporation Tax and therefore no charge arises.

The differences are explained below:

	Group 2011 £'000	Group 2010 £'000	Association 2011 £'000	Association 2010 £'000
Surplus on ordinary activities before tax	3,453	3,971	4,144	3,223
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 – 28%)	967	1,112	1,160	902
Effects of:				
Charitable income not subject to tax	(967)	(1,787)	(1,160)	(1,655)
Expenses not deductible for tax purposes	-	24	-	24
Property depreciation not deductible for tax purposes	-	466	-	466
Capital allowances (in excess of)/lower than depreciation	-	(7)	-	(7)
Revaluation surplus in excess of CGT indexation	-	36	-	36
Transfer to Disposal Proceeds Fund and interest thereon not deductible for tax purposes	-	101	-	101
Rollover relief on profit on disposal of property	-	(8)	-	(8)
Timing differences on costs of properties for sale	-	140	-	140
Differences on accounting for gift aid repayable	-	-	-	80
Tax losses to be utilised (see above)	-	(79)	-	(79)
Net tax charge for the year	-	(2)	-	-

Soha Housing Limited
Notes on the Financial Statements - 31 March 2011 (continued)
12 Tangible Fixed Assets – Housing properties

Group and Association	General Needs and Supported		Shared Ownership		Key Worker and Market Rented		Leasehold	Total
	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	£'000
Cost or Valuation before Grant								
At 1 April 2010	301,619	8,659	14,199	409	7,182	-	4,722	336,790
Additions: New Properties	35	6,642	30	868	411	2,658	-	10,644
Additions: Existing Properties	361	-	-	-	-	-	-	361
Disposals	(394)	-	(81)	-	(145)	-	-	(620)
Transferred into management	9,818	(9,818)	608	(608)	-	-	-	-
Transfers between categories	-	(59)	(72)	59	72	-	-	-
At 31 March 2011	311,439	5,424	14,684	728	7,520	2,658	4,722	347,175
Social Housing Grant								
At 1 April 2010	(32,168)	(2,618)	(1,824)	(67)	(611)	-	(2,897)	(40,185)
Disposals	193	-	12	-	-	-	-	205
Received in year	(134)	(3,219)	-	(107)	(199)	-	-	(3,659)
Transferred into management	(3,971)	3,971	(79)	79	-	-	-	-
Transfers between categories	(265)	-	299	-	-	-	(34)	-
At 31 March 2011	(36,345)	(1,866)	(1,592)	(95)	(810)	-	(2,931)	(43,639)
Cost or Valuation at 31 March 2011	275,094	3,558	13,092	633	6,710	2,658	1,791	303,536

Soha Housing Limited

Notes on the Financial Statements - 31 March 2011 (continued)

12 Tangible Fixed Assets – Housing properties (ctd)

	General Needs and Supported		Shared Ownership		Key Worker and Market Rented		Leasehold	Total
	Held for letting £'000	Under Construction £'000	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	£'000
Depreciation								
At 1 April 2010	1,509	-	88	-	183	-	67	1,847
Disposals	(2)	-	-	-	(2)	-	-	(4)
Charge for year	1,536	-	85	-	43	-	37	1,701
Transfers between categories	-	-	(1)	-	1	-	-	-
At 31 March 2011	3,043	-	172	-	225	-	104	3,544
Net Book Value								
At 31 March 2011	272,051	3,558	12,920	633	6,485	2,658	1,687	299,992
At 31 March 2010	267,942	6,041	12,287	342	6,388	-	1,758	294,758
Comparable amounts determined according to the historical cost convention:								
Historic cost	149,549	5,424	13,726	728	7,520	2,658	3,946	183,551
Less: Social Housing Grant	(36,345)	(1,866)	(1,592)	(95)	(810)	-	(2,931)	(43,639)
Net Historic cost	113,204	3,558	12,134	633	6,710	2,658	1,015	139,912
Cumulative revaluation uplift	161,890	-	958	-	-	-	776	163,624
	275,094	3,558	13,092	633	6,710	2,658	1,791	303,536

No interest has been capitalised within the value of housing properties.

Soha Housing Limited**Notes on the Financial Statements - 31 March 2011 (continued)**

Analysis of leasehold units	Short leasehold	Long leasehold	Total
	£'000	£'000	£'000
Cost or valuation	350	4,372	4,722
Social Housing Grant	(212)	(2,685)	(2,897)
Depreciation	(38)	(66)	(104)
Net Book Value	100	1,621	1,721

Valuation

All properties were revalued at Existing Use Value – Social Housing in line with the RICS Appraisal and Valuation Manual. This is on the basis that they are managed and owned by Soha, who are committed to the provision of social housing, and that vacant units will be relet, not sold on the open market. This stock was valued by Drivers Jonas as at 31 March 2009 as follows:

Type	No of Units	Value
General Needs and Supported	4,794	£261.0m
Keyworker	35	£2.2m
Shared Ownership	193	£10.7m

The valuation basis is that recommended by the Statement of Recommended Practice. The assumed discount rate was 5.75% (2006: 5.0%) in real terms. In line with the accounting policy, 30 market rented and 35 keyworker properties were excluded from the annual revaluation and included at cost. These assets form a separate class as they are ultimately intended for resale.

Units in Management:**Rented:**

	2011 Number	2010 Number
At 1 April 2010	5,205	5,067
Acquisitions and New Build (excluding properties for market sale)	68	144
Transferred into management from unsold market sale	2	3
Sales under Right to Buy/Right to Acquire legislation	(6)	(5)
Private Sector Leasing Scheme units	-	(3)
Demolished / Other sales	(8)	(1)
At 31 March 2011	5,261	5,205

Leasehold:

At 1 April 2010	234	228
Transfers into leasehold management from sales under Right to Buy/Right to Acquire legislation	-	-
Shared Equity Developments	-	-
Acquisitions & New-build	5	6
Repurchases	-	-
At 31 March 2011	239	234

Total Units in Management

5,500	5,439
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Soha Housing Limited

Notes on the Financial Statements - 31 March 2011 (continued)

12 Tangible Fixed Assets – Housing properties (ctd)

Units in management and under construction

	In management		Under construction	
	Number 2011	Number 2010	Number 2011	Number 2010
General needs housing	4,145	4,091	171	73
Sheltered housing	780	780	12	12
Supported housing	46	48	-	-
Keyworker housing	32	32	-	-
Shared ownership	225	221	54	9
Shared Equity	13	13	-	-
Leasehold	226	221	-	-
Other (non-social housing)	33	33	44	-
At 31 March 2011	5,500	5,439	281	94

The Association also holds a short term lease on a property to provide 6 units for special needs housing, sublet to Paramount Housing Association, and the freehold for 1 local business property.

13 Land and Properties for Sale

Group and Association	2011 Ready for Sale £'000	Under Construction £'000	2011 Total £'000
Shared Ownership	541	720	1,261
Open Market Sales	2,305	-	2,305
	2,846	720	3,566

Group and Association	2010 Ready for Sale £'000	Under Construction £'000	2010 Total £'000
Shared Ownership	641	336	977
Open Market Sales	7,093	-	7,093
	7,734	336	8,070

Soha Housing Limited**Notes on the Financial Statements - 31 March 2011 (continued)****14 Property Loans Receivable**

Group and Association	2011	2010
	£'000	£'000
Mortgage rescue loans	8	-
Easymove mortgages	544	-
	552	-

15 Investments

Group and Association	Starter Home Initiative Loans	Shared Equity Properties	2011 Total	2010 Total
	£'000	£'000	£'000	£'000
Cost or Net Realisable Value	672	375	1,047	1,156
Less: Grants received	(676)		(676)	(785)
Net revaluation	-	218	218	218
	(4)	593	589	589

The starter home initiative scheme was a government initiative through which the association made loans of up to £30,000 to key workers to enable them to buy their homes. The total represents equity investment loans made which are repayable as a percentage of the sale proceeds when the key worker sells the property. The amounts repayable must then be reinvested, less an amount for administration, in new loans. The scheme ended at 31 March 2004.

The revalued interest in shared equity properties represents the amount repayable to the Association for the equity percentage retained when a property is sold under shared equity arrangements.

Soha Housing Limited

Notes on the Financial Statements - 31 March 2011 (continued)

16 Tangible Fixed Assets – Other

Group and Association	Office Premises	Office Fixtures & Fittings	Computer equipment	Furniture and equipment	Vehicles	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	1,840	1,034	716	760	35	4,385
Additions	-	214	63	67	15	359
Reclassification	(25)	25	-	-	-	-
Disposals	-	(1)	-	(3)	(4)	(8)
At 31 March 2011	1,815	1,272	779	824	46	4,736
Depreciation						
At 1 April 2010	52	1,023	572	681	33	2,361
Charge for year	21	15	74	37	3	150
Disposals	-	-	-	(3)	(4)	(7)
At 31 March 2011	73	1,038	646	715	32	2,504
Net Book Value:						
At 31 March 2011	1,742	234	133	109	14	2,232
At 31 March 2010	1,788	11	144	79	2	2,024

17 Capital and Financial Commitments

Group and Association	Capital Commitments		Financial Commitments	
Contracted for but not provided for in the financial statements:	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Housing property	21,275	5,385	2,750	441
Other capital expenditure	6	-	-	-
	21,281	5,385	2,750	441
Committed but not contracted for:				
Housing property	15,525	12,250	3,450	5,589
Other capital expenditure	400	395	-	-
	15,925	12,645	3,450	5,589

The Association has loan facilities in place which, together with operating surpluses, sales of shared ownership units and social housing grant, will fund its commitments for the foreseeable future.

Soha Housing Limited**Notes on the Financial Statements - 31 March 2011 (continued)****18 Debtors**

	Group		Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
<i>Amounts receivable within one year:</i>				
Rental debtors	843	896	843	896
Less: provision for bad debts	(255)	(253)	(255)	(253)
	588	643	588	643
Other debtors	367	281	367	281
Prepayments and accrued income	512	582	512	582
Deferred tax asset	2	2	-	-
Owed by group companies	-	-	40	173
	1,469	1,508	1,507	1,679

19 Creditors: Amounts falling due within one year

	Group		Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	1,020	1,238	1,020	1,238
Rents in advance	295	277	295	277
South Oxfordshire District Council	439	218	439	218
Other taxes and social security costs	152	157	152	157
Development and maintenance accruals	1,733	2,375	1,733	2,375
Deferred income and grants	387	481	387	481
Recycled Capital Grant Fund	887	765	887	765
Disposal Proceeds Fund	1,374	1,021	1,374	1,021
Other creditors and accruals	108	97	105	94
Owed to group companies	-	-	-	-
	6,395	6,629	6,392	6,626

Soha Housing Limited**Notes on the Financial Statements – 31 March 2011 (continued)****20 Recycled Capital Grant Fund (RCGF) and Disposal Proceeds Fund (DPF)**

Group and Association	Sale of Properties	SHI Loans	RCGF Total	DPF Total
	£'000	£'000	£'000	£'000
At 1 April 2010	17	748	765	1,021
Sales added to the fund	13	-	13	322
Loans repaid in the year added to the fund	-	109	109	-
Grant recycled into new schemes	-	-	-	-
Interest added to the fund	-	-	-	31
At 31 March 2011	30	857	887	1,374

21 Creditors: Amounts falling due after more than one year

Group and Association	2011	2010
	£'000	£'000
Housing loans from Dexia Public Finance Bank plc repayable in five years or more	125,250	128,000
Loan redemption costs	457	500
	125,707	128,500

Amounts due to Dexia are secured by a charge over 3,805 of Soha's properties. Interest is payable on loans through a combination of fixed rates, cancellable fixed rates and variable rates.

The provision for loan redemption costs represents the balance of breakage costs incurred on the redemption of loans that have been charged to the income and expenditure account but not yet paid. These costs are to be paid over the life of the replacement loans.

22 Share Capital

	2011	2010
	£	£
Shares of £1 each issued and fully paid:		
At beginning of year	22	20
Issued during year	1	3
Cancelled during year	0	(1)
At the end of the year	23	22

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Therefore all shareholdings relate to non-equity interests and there are no equity interests in the Association.

Soha Housing Limited

Notes on the Financial Statements – 31 March 2011 (continued)

23 Reserves

Group	Revenue Reserve £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total Reserves £'000
At 1 April 2010	6,874	169,281	933	177,088
Surplus for the year	3,453	-	-	3,453
Transfer of realised revaluation surplus	139	(139)	-	-
Transfer of depreciation on revalued amount to revaluation reserve	934	(934)	-	-
Transfer of interest to restricted reserve	(5)	-	5	-
Revaluation of properties	-	-	-	-
At 31 March 2011	11,395	168,208	938	180,541

Association

At 1 April 2010	2,808	169,281	933	173,022
Surplus for the year	4,144	-	-	4,144
Transfer of realised revaluation surplus	139	(139)	-	-
Transfer of depreciation on revalued amount to revaluation reserve	934	(934)	-	-
Transfer of interest to restricted reserve	(5)	-	5	-
Revaluation of properties	-	-	-	-
At 31 March 2011	8,020	168,208	938	177,166

The Restricted Reserve represents a surplus on the sale of land which was subject to a covenant. The terms of the release require the surplus to be invested, effectively as grant, in other schemes subject to agreement with South Oxfordshire District Council within 3 years. The 3 years will expire in May 2011 but SODC have granted an extension of a further year.

24 Operating Lease Commitments

The Association had annual commitments under non-cancellable operating leases as set out below:

	2011		2010	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	22	1	22	4
In two to five years	-	19	-	13
	22	20	22	17

25 Notes to the Cash Flow Statement

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
a) Reconciliation of operating surplus to net cash inflow from operating activities				
Operating surplus	8,664	9,287	9,358	8,546
Depreciation	1,852	1,798	1,852	1,798
Decrease in land and properties held for resale	4,504	38	4,504	38
Decrease in debtors	179	166	313	310
Increase/(decrease) in creditors	354	(1,791)	353	(1,328)
Net cash inflow from operating activities	15,553	9,498	16,380	9,364
b) Reconciliation of net cash outflow to movement in net debt				
Decrease in cash in the year	(1,025)	(4,262)	(201)	(4,402)
Cash inflow from increase in debt	1,500	1,500	1,500	1,500
Increase/(decrease) in net debt	475	(2,762)	1,299	(2,902)
c) Analysis of changes in net debt				
	At 1 April 2010 £'000	Cashflow £'000	At 31 March 2011 £'000	
Year ended 31 March 2011				
Group				
Cash at bank and in hand	5,268	(1,025)	4,243	
Debt due after one year	(128,000)	1,500	(126,500)	
	(122,732)	475	(122,257)	
Association				
Cash at bank and in hand	1,028	(201)	827	
Debt due after one year	(128,000)	1,500	(126,500)	
	(127,472)	1,299	(126,173)	
Year ended 31 March 2010				
Group				
Cash at bank and in hand	9,530	(4,262)	5,268	
Debt due after one year	(129,500)	1,500	(128,000)	
	(119,970)	(2,762)	(122,732)	
Association				
Cash at bank and in hand	5,430	(4,402)	1,028	
Debt due after one year	(129,500)	1,500	(128,000)	
	(124,070)	(2,902)	(126,972)	

26 Pension Costs

The Association participates as a contributing member of the Social Housing Pension Scheme, an industry wide multi-employer defined benefit scheme administered by the Pensions Trust.

The Scheme operated a single benefit structure, based on a final salary with a 1/60th accrual rate, until 31 March 2007. From April 2007, the Scheme introduced a choice of benefit structures, which has been refined from April 2010 as follows:

- Final salary with 1/60th or 1/80th accrual rate
- Career average revalued earning with a 1/60th or 1/80th accrual rate

From October 2010, the scheme also introduced a defined contribution option.

An employer can elect the scheme(s) it wishes to operate for existing and new employees and decide on the split of contributions between employer and employee. Soha has elected to continue to operate a final salary with 1/60th accrual rate for employees who were members of the scheme at 30 September 2010. New staff and existing staff not in the scheme have the choice of the defined contribution or the 1/80th final salary options.

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.

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 that 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.

The Scheme's last published tri-annual valuation was as at 30 September 2008, which valued the Scheme's assets at £1,527 million and showed a shortfall of assets compared to the value of liabilities of £663 million, equivalent to a post service funding level of 70%.

The financial assumptions underlying the valuation were as follows:

▪ average rate of price inflation	3.2% per annum
▪ valuation discount rate - pre-retirement	7.8% per annum
▪ valuation discount rate – non-pensioner post-retirement	6.2% per annum
▪ valuation discount rate - pensioner post-retirement	5.6% per annum
▪ rate of pension increases (post 1988 GMP)	2.8% per annum
▪ pensionable earnings growth	4.7% per annum

The valuation revealed an actuarial deficit of £663 million which is planned to be recovered through 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 below.

The long-term joint contribution rates required from employers and members from April 2010 to meet the cost of future benefit accrual were assessed at:

26 Pension Costs (ctd)

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 th accrual rate	18.8
Final salary with a 1/80 th accrual rate	13.5

Pension contributions made by the Association in the year totalled £335,005 (2010: £287,582), covering an average of 56 employees (2010: 57). At 31 March 2011 all employees in the pension scheme are in the 1/60th final salary scheme. The contribution rate of the Association for the year ended 31 March 2011 was 9.4% plus a deficit funding element giving an approximate overall rate of 16.9% (2010: 14.7%). The contribution rate for employees was 8.4%.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities attributable to individual participating employers. Consequently, the income and expenditure charge for the period required by FRS 17 represents the contributions payable by the Association.

The Association also participates in the Pensions Trust Growth Plan where employees can contribute AVCs and the Association makes no contribution. As no employees were active at 31 March 2011, it is not considered material to disclose the values and basis of the scheme.

27 Contingent Liabilities

1. As part of the transfer agreement with South Oxfordshire District Council the Association provided various indemnities to the Council in respect of obligations the Association assumed upon the transfer. In the view of the Board there is little likelihood of any liability arising in respect of these indemnities and accordingly no provision is reflected in these financial statements.
2. As set out in note 25, the Association participates as a contributing member of The Social Housing Pension Scheme. While it is not possible to identify the underlying assets and liabilities, the rules of the scheme mean that should Soha withdraw from the scheme, or the scheme is wound-up, the Association may be liable for a buy-out debt.

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.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust that the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme at 30 September 2010 was £9.59 million (£11.18 million as at 30 September 2009). A similar potential debt exists in relation to the Pensions Trust Growth Plan, which is estimated to be £33,000 (£30,846 as at 30 September 2009). Soha does not have any plans to withdraw from the Scheme and the Scheme does not envisage having to wind-up in the foreseeable future.

27 Contingent Liabilities (ctd)

In addition, employers that have closed the Scheme to new entrants are required to pay an additional employer contribution of 3.0%. If Soha were to close the Scheme to new employees, the increase in rates based on current membership would be approximately £49,000 per annum. Soha does not have any plans to close the Scheme to new entrants.

3. Under a development contract, a third party claims that it is due a sum of money for its role in managing the acquisition and development of a site. Soha disputes the amount due and has made an offer to settle. An appropriate amount has been treated as a liability in the accounts. The balance claimed by the third party is considered a contingent liability and has not been provided as Soha believes the third party has no basis for the claim. This amount is not considered significant in relation to Soha's overall assets and liabilities.
4. Under the terms of an agreement to release a covenant on land sold by Soha in May 2008, it is required to use the net proceeds for investment in regeneration and/or development schemes for older people subject to agreement with South Oxfordshire District Council. The net proceeds have been transferred to a restricted reserve, but should they not be utilised within 3 years, SODC have the right to request 50% of the funds held in the restricted reserve. There is therefore a contingent liability amounting to £462,613 as at 31 March 2011.

28 Related Party Transactions

During the year there were no material related party transactions requiring disclosure in these accounts or payments made outside those that were permitted under Part I of Schedule 1 of the Housing Act 1996.

During the year 4 members of the Board served as Tenant representatives. As such they rent social housing properties from Soha. These properties are let under exactly the same circumstances as other tenants and the Board members are treated in the same way as other tenants in all their dealings with Soha as a tenant.

The Association has 2 subsidiaries, 100% owned by Soha Housing Limited:

Soha Neighbourhood Services Ltd	Charitable Industrial & Provident Society	Incorporated 17/03/09
Soha in Business Ltd	Limited Liability Company registered at Companies House	Incorporated 02/06/09

The results from both companies have been consolidated into the Group results in these financial statements. The Association has taken advantage of the exemption for disclosure of related party transactions with its wholly owned subsidiary companies.

Soha Housing Limited

Executive and main advisors as at 31 March 2011

BOARD

Carole Burchett (Chair)	Val Kir
Graham Lovelock (Vice Chair)	Peter Miller Smith (Co-opted)
Valerie Austin	Richard Peacock (Chief Executive)
Cecile Galoselva	Harjit Sandhu
Freda Griffiths	Jonathan Wheeler
Don Harrison	Steve Workman (Chair of Audit)

SECRETARY

Richard Peacock (Chief Executive)

EXECUTIVE OFFICERS

Richard Peacock	(Chief Executive)
Maureen Adams	(Director of Customer Services and Operations)
Steve Lynch	(Director of Property & Development)
Paul Rennard	(Director of Finance & Resources)

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