



Soha Housing Limited

Financial Statements

for the year ended

31 March 2008

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The Board of Soha Housing is pleased to present their annual accounts and report for the year ended 31 March 2008. The contents are set out below.

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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:

- a) Principal Activities
- b) Vision and Strategic Objectives
- c) Principle Risks
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a) Principal Activities

Soha's purpose is:

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

Our main activities are the letting, management, maintenance and development of places for people in housing need to live (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
- A place where staff are proud to work
- An association where there is a genuine belief and commitment to working with residents to improve their lives and the community

Soha works towards six 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 2007 to 2010 are summarised in the table below.

Aims and Objectives

Aim 1. To have highly satisfied customers

- Provide excellent customer services
- Increase tenant satisfaction from 77% to top quartile

Aim 2. To maximise the involvement of residents

- Embed Resident Involvement into Soha's culture by developing a new part of the ongoing Leadership Development programme
- Review all Soha's policies and procedures to ensure that they maximise the opportunities for Resident Involvement

Aim 3. To provide quality homes and communities

- Achieve the Decent Homes Standard by December 2008
- Consult and devise with tenants a new Decent Homes Plus Standard and begin to deliver it
- Improve physical appearance of estates by:
 - Agreeing the areas that need Community Action Plans
 - Developing the Community Action Plans with residents
 - Implementing the Community Action Plans over a 10 year period
- Improve local communities by helping achieve objectives of the relevant Local Strategic Partnerships
- By 2010 all new homes to achieve level 3 of the Code for Sustainable Homes

Aim 4. To be an excellent employer

- Maintain the percentage of staff who are proud to work for Soha above 90%
- Undertake a full profile Investors In People review in 2009 and achieve level 2 in at least 7 areas and level 3 in 5 areas

Aim 5. To be effective and efficient in what we do

- Deliver a 3 star service (as defined by the Audit Commission inspection framework)
- Change Soha's legal structure to ensure we do not incur avoidable tax liabilities

Aim 6. To grow the business:

- Build or acquire 540 homes by 2010
- Develop on strategic sites around Didcot

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

c) Principle 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.

Its approach 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.

Below are the top ten risks facing Soha that are considered to be the most critical:

1. Soha does not achieve a 2* service level before it is inspected.
2. Poor governance.
3. Asset Management Strategy fails.
4. Bids to developers are not competitive.
5. Soha develops shared ownership and other properties for sale that take a long time to sell.
6. Failure of contractors to meet targets for repairs.
7. Costs of voids and responsive repairs considerably exceed budget.
8. Issues around sheltered housing are not addressed correctly.
9. Impact on housing associations of creation of new regulations and investment bodies.
10. Funding issues (availability and cost) arise due to the 'credit crunch'.

d) 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 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 of available funds to invest in projects moving Soha's service towards excellence. This is jointly prioritised by management and residents with a view to integration into the main stream budget where projects are successful.
- Continuing to work on the service improvement plans generated from the recommendations following the mock inspection carried out at the end of 2006/07.

e) 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 estate improvements and planned maintenance, development progress and performance indicators.

e) Operational Performance (ctd)

Performance is also managed using key performance indicators (“KPIs”) set both internally and by the Housing Corporation. These are reported through a comprehensive management report which is produced monthly and circulated to the Board on a quarterly basis. The focus is on financial performance, key operating issues and a traffic light assessment of progress of the KPIs against targets. The KPIs include:

- Customer satisfaction;
- Rent arrears levels and number of clear rent accounts;
- Average re-let times for empty properties;
- Achievement of four green lights in the annual Housing Corporation Assessment;
- EBITDA and interest cover;
- Meeting loan covenants;
- Compliance with the government defined Decent Homes Standard;
- Percentage of properties with current gas servicing certificates;
- Average repair cost and average empty property turnaround cost;
- Repairs response times;
- New homes completed;
- Average sale time for shared ownership and outright sale properties.

f) Key Performance Indicators Summary

The table below shows actual performance against target and the 2006/07 results for a selection of the Association’s key performance indicators:

Indicator	Actual 2007/08	Target 2007/08	Actual 2006/07
Tenant satisfaction with overall service	84%	80%	77%
Tenant satisfaction with views being taken into account	53%	60%	54%
Current tenant arrears	2.0%	2.0%	1.9%
Empty property turnaround	5.3 wks	3.0 wks	3.8wks
EBITDA %	35.9%	33.5%	36.4%
Homes meeting Decent homes standard	97.7%	96.0%	92.2%
Properties with current gas certificates	100%	100%	98.8%
Repairs response times			
• Emergency	97.1%	99.0%	98.7%
• Urgent	97.6%	98.0%	95.0%
• Routine	95.3%	97.5%	92.7%
Homes developed or acquired	161	160	130
Average shared ownership sale turnaround	27.8 wks	12.0 wks	17.6 wks

g) Development and Sales

During the year 161 units were constructed or acquired, just exceeding the target of 160 units, and Soha is on course to achieve a similar target for 2008/09. Disposals through Right to Buy and Right to Acquire continue to be very low so overall units in management increased from 5,055 to 5,197.

One local rural scheme of 6 homes was built to Level 4 standard of the Code for Sustainable Homes, and incorporated sustainable features such as photovoltaic roof panels and high insulation windows.

A regeneration project in Thame was completed during the year, constructing 10 new build homes and refurbishing 19 existing units. This project targeted a run-down estate and had major involvement from residents in the estate and surrounding area.

Soha has continued its regional approach to development and during the year the programme has produced new properties in Vale of the White Horse, West Oxfordshire and Swindon as well as South Oxfordshire.

During the year 92 shared ownership, 8 shared equity and 1 outright sale properties were sold adding £10.1m (2007: £2.4m) to turnover and cross-subsidising the continuing development programme. This is a reflection of the step change in the type of development activity Soha is undertaking. The time taken, on average, to sell properties once completed was 27.8 weeks (2007: 17.6 weeks) against a target of 12.0 weeks. Further staff resources have been added to the sales team to strengthen the sales process and procedures.

h) Asset Management

The Government requires all Associations to meet the Decent Homes Standard by 2010. Soha set a challenging target to meet the standard by the end of 2008, 2 years early. We are on course to achieve this and at 31 March, 97.7% of homes met this standard. One of the corporate objectives is to devise an enhanced standard “Decent Homes Plus” in consultation with tenants and implementation to achieve this standard will begin in 2009/10.

The Asset Management strategy has been revised during the year and has placed a stronger emphasis on demand and sustainability, energy efficiency, and tenant involvement. Total spend on planned and major repairs in the year was £4.0m and was in line with the annual budget for 2007/08 and based on the Business Plan.

Total spend on responsive repairs exceeded budget for the second year and a number of steps have already been taken to improve the service both on cost and response times for the forthcoming year. These include retendering a major contract to a new contractor and adding a senior management post in the Repairs team.

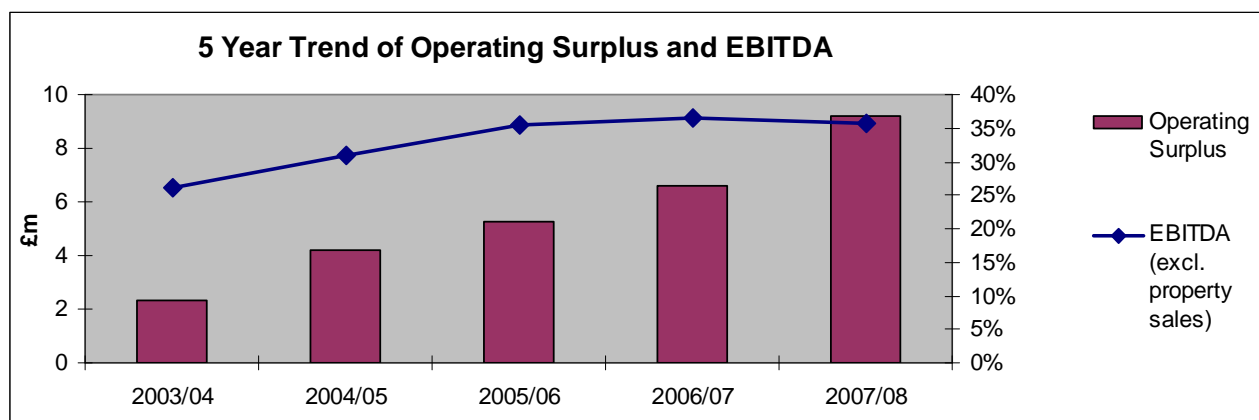
At 31 March, 70% of the empty properties were sheltered accommodation, although sheltered accommodation constitutes only 15% of our overall stock. Soha’s Sheltered Housing strategy sets out how we intend to evaluate the viability of sheltered accommodation, taking into account the changing demands of our customer base, current and future demographics, corporate objectives and the financial impact to the business.

Soha Housing Limited

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

i) Financial Review

Soha's financial results for the year are set out on pages 14 to 42 following this report. The chart below shows the operating surpluses (£m) and EBITDA (%) over the last 5 years.



The results have been significantly affected by the adoption of the SORP 2008, which shows the income from first tranche shared ownership sales as turnover and its proportional cost within costs of sale. These were previously offset against the fixed asset cost within the balance sheet. The change in accounting policy has resulted in the prior year figures being restated and a prior year adjustment being made (see note 3 to the accounts on pages 22 and 23).

The main elements of the financial results are explained below:

Income and Expenditure Account

Soha made a surplus for the year of £2,780,000 (2007: £903,000). As described above, early adoption of the SORP 2008 has added £2,633,000 to the operating surplus through first tranche sales of shared ownership properties. The overall surplus is after deducting housing depreciation of £1,211,000 (2007: £1,171,000).

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 (£341,000) and a difference in depreciation charges (£577,000), the historical cost surplus would be £3,698,000 (2007: surplus £2,032,000).

Key elements of the results are:

- Turnover from **social housing lettings** increased by £1,376,000 due to rent increases in April 2007 and the number of available units for letting increasing through the completion of development projects.
- Turnover from development activity **property sales** increased to £10,067,000 from £2,394,000 in 2007. Cost of sales have increased in proportion.
- **Operating costs** have increased by £974,000. £483,000 was attributable to expected additional planned maintenance spend. We continue to tightly control management costs and are comfortably in the Housemark top quartile for this measure.

- The **surplus on sale of properties** this year totalled £139,000 compared with a deficit of £41,000 in 2007. Properties sold under Right to Buy or Right to Acquire legislation were lower than last year at 10.
- **Interest payable**, all of which is expensed rather than capitalised, increased by £886,000 this year, due to increased borrowing to fund developments, interest rate rises and the slower than expected turnaround of property sales.

Balance Sheet

At 31 March 2008, Soha's balance sheet showed total assets less current liabilities of £219.2m (2007: £207.8m) - an increase of 5% compared with the position at 31 March 2007. The main points are as follows:

- The carrying value of Soha's properties at 31 March 2008 was £214m (2007: £203m). The valuation of our general needs and supported properties (2007: £190m) is based on discounted future cashflows not on movements in market values, and on cost values where properties have not been revalued.
- The cost of improvements of £97,000 (2007: £175,000) has been capitalised.
- Expenditure on development schemes was £17m net of Social Housing Grant representing 158 completed new build and 3 acquired properties with a further 173 units under construction at 31 March.
- At 31 March 2008, Soha's net current assets amounted to £2.7m (2007: net liabilities of £4.3m restated to net assets of £3.5m). The change in this asset position is mainly as a result of accounting for Land and Properties held for resale under the new SORP 2008, as in previous year there have been net current liabilities.

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

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 try and take advantage of opportunities to borrow at lower cost, we are primarily concerned with managing cash flow effectively and monitoring the risk inherent in treasury activities.

The Board is actively monitoring the current uncertainty in the funding markets and ensuring that business objectives can be met and are in line with realistic expectations.

j) 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 and the Accounting Requirements for Registered Social Landlords General Determination 2006. 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.

k) 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.

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

l) The Board and Executive Officers

The Board and Executive Officers are listed on page 44. There were no changes to the members during the year. In addition, Bob Bradley and Tracey James are 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.

The Executive Officers and Senior Management team are listed below:

Richard Peacock	(Chief Executive)
Carol Hall	(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 Gates	(Financial Controller)
Penny Gotch	(Legal Services Manager)
Richard Smith	(Asset Manager)
Vacant	(Head of Development)

m) Strategies and Policies

Soha has a range of strategies supported by more detailed policies and procedures including the following:

- **Asset Management:** Setting out Soha's plan for managing and maintaining its stock;
- **Information Technology:** Establishing a coherent framework for the development of technological resources to support front-line activities;
- **Risk Management:** Setting out Soha's approach to and appetite for risk throughout the organisation;
- **Value for Money:** Setting out Soha's approach to achieving VfM and embedding it throughout the organisation;
- **Rent Plan:** Setting out Soha's approach to rents and restructuring them to target rents.
- **Tenant Participation:** Setting out Soha's commitment to involving tenants and how it aims to do so;
- **Treasury:** Managing Soha's borrowings and investments in such a way as to optimise market opportunities whilst protecting assets and capital values;
- **Development:** Setting out Soha's objectives for increasing stock to meet demand;
- **Innovation and Growth:** Setting out Soha's approach to expanding its business and moving towards "excellence" in the services it supplies.

In addition, Soha has over 40 key policies covering all areas of its activities, both front-line and administrative. These set out the objectives, scope, methods of implementation, review mechanism and timescale for each such policy.

n) Internal Controls Assurance

Under Housing Corporation guidance set out in their circular 07/07, the Board is required to ensure internal controls are in place and 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 Housing Corporation's 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 subsequently discussed the risk management issues arising from current uncertainty in the property and funding markets.

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*

The internal control framework and risk management process are subject to regular review by Internal Audit (which service is provided by an independent firm of specialist public sector auditors, TIAA) who are responsible for providing independent assurance to the Board via the Audit Committee. Internal audit plans, which are discussed and approved by the Audit Committee, are put together by reference to the risk framework of the Association.

e) *Quality Management Systems*

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 commissioned HQN to carry out a mock inspection, in March 2007, of its service areas based on the methodologies that are used by the Audit Commission. As a result, the Association has put in place a set of Service Improvement Plans covering all areas of the Association's work. There has been significant progress against these plans in the year and they have now been amended to ensure progress continues in the coming year.

f) *The Housing Corporation Regulatory Code*

The Board has responsibility for ensuring that the Association complies with its obligations under the regulatory code. The Housing Corporation focuses on the robustness of the Association's finance and risk strategies; the effectiveness of its corporate governance; the delivery of its housing strategies. In consultation with the Association the Housing Corporation draws up an annual regulatory plan, monitors progress against it and assesses the Association's governance performance.

g) *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. In May 2008, the audit of the current non-financial KPI systems required by the Housing Corporation was carried out. This provided reassurance that internal control systems were operating effectively.

h) *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 2008 and the subsequent period to 23 July 2008.

Soha Housing Limited

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

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 97% of staff are proud to work at 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 several local charities, the following donations were made:

Dogs for the Disabled	£100
Henley Citizens Advice Bureau	£500
Barton Community Association	£200

q) External Auditors

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

r) 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.

Soha Housing Limited

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

s) Statement of Compliance

In presenting the Operating and Financial Review on pages 1 to 13 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

VICTOR BREACH

Chairman

23 July 2008

Soha Housing Limited**Income and expenditure account for the year ended 31 March 2008**

		2008	2007
	Note	£'000	as restated £'000
Turnover	4	31,464	22,376
Cost of sales	4	(7,119)	(1,589)
Operating costs	4	(15,143)	(14,169)
Operating surplus	4	9,202	6,618
Surplus/(deficit) on sale of properties and land	6	139	(41)
Interest receivable	10	34	35
Interest payable	11	(6,595)	(5,709)
Surplus on ordinary activities before tax	9	2,780	903
Tax on surplus on ordinary activities	12	-	-
Surplus for the financial year		2,780	903

All amounts relate wholly to continuing activities.

The notes on pages 18 to 42 form part of these financial statements.

Soha Housing Limited**Statement of total recognised surpluses and deficits for the year ended 31 March 2008**

		2008	2007
	Note	£'000	£'000
Surplus for the financial year		2,780	1,134
Unrealised deficit on revaluation of properties	13,23	-	(639)
Unrealised surplus on revaluation on shared equity properties and investment loans	15,23	166	189
Total recognised surplus relating to the year		2,946	684
Prior Period Adjustment	3	865	
Total recognised surpluses since last annual accounts		3,811	

Soha Housing Limited**Note of historical cost surpluses and deficits for the year ended 31 March 2008**

		2008	2007
		£'000	as restated £'000
Reported surplus on ordinary activities before taxation		2,780	1,134
Realisation of property revaluation surplus of prior years	6, 23	341	319
Difference between actual depreciation charge and that based on historic cost	23	577	579
Historical cost surplus on ordinary activities before taxation		3,698	2,032
Taxation	12	-	-
Historical cost surplus for the year after taxation		3,698	2,032

The notes on pages 18 to 42 form part of these financial statements.

Soha Housing Limited**Balance sheet as at 31 March 2008**

	<i>Note</i>	2008		2007 as restated	
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Housing properties	13		213,624		203,482
Investments	15		824		428
Other tangible fixed assets	16		2,032		357
			216,480		204,267
Current assets					
Land and Properties held for resale	14	6,664		8,490	
Debtors	18	2,031		1,698	
Cash at bank and in hand		792		186	
		9,487		10,374	
Creditors: amounts falling due within one year	19	(6,812)		(6,888)	
Net current assets			2,675		3,486
Total assets less current liabilities			219,155		207,753
Creditors: amounts falling due after more than one year	21		114,835		106,379
Capital and reserves					
Share capital	22	-		-	
Revenue reserve	23	(301)		(3,999)	
Revaluation reserve	23	104,621		105,373	
			104,320		101,374
			219,155		207,753

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 23 July 2008 and were signed on its behalf by:

VICTOR BREACH
Chairman

JONATHAN WHEELER
Board Member

RICHARD PEACOCK
Secretary

The notes on pages 18 to 42 form part of these financial statements.

Soha Housing Limited

Cash flow statement for the year ended 31 March 2008

	Note	2008		2007	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	25		11,709		6,155
Returns on investments and servicing of finance					
Interest received	10	34		35	
Interest paid	11	(6,549)		(5,752)	
			(6,515)		(5,717)
Taxation			-		-
Capital expenditure and capital receipts					
Construction and purchase of housing properties		(15,578)		(18,911)	
Sale of properties		1,210		3,264	
Social Housing Grant received		3,188		3,343	
Purchase of other fixed assets		(1,908)		(113)	
Net cash outflow from capital expenditure and receipts			(13,088)		(12,417)
Cash outflow before use of financing			(7,894)		(11,977)
Financing					
New secured loans		8,500		11,730	
Net cash inflow from financing	25		8,500		11,730
Increase/(decrease) in cash in the year	25		606		(247)

The notes on pages 18 to 42 form part of these financial statements.

1 Background

The Association registered as an Industrial and Provident Society on 12 July 1996 and is incorporated under the Industrial and Provident Societies Act 1965. The Association is a Registered Social Landlord with non-charitable status, registered with the Housing Corporation 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 18-22. These have changed in respect of the treatment of shared ownership first tranches, open market and shared equity sales and the disposal proceeds fund since last year. These changes are required by the revised SORP, which encourages early adoption, and the effects are shown as a prior period adjustment in Note 3. There are no other changes.

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 and properties under construction. The aggregate surplus on revaluation is transferred to a revaluation reserve. The last revaluation was carried out at 31 March 2006. Properties which have not been revalued are shown at cost.

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 Housing Corporation, 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. Where a permanent diminution in value is indicated, the Association would undertake an impairment review. As there has been no such indication of impairment, a comprehensive review has not been carried out.

2 Principal Accounting Policies (continued)

Improvements

The Association 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 Housing Corporation 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 Association 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 Association 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.

Under shared equity arrangements, the Association 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. Proceeds from shared equity sales and from any properties developed to be sold on the open market are reflected in the income and expenditure account in turnover. Where the Association 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 Association disposes of properties where SHG was obtained when they were built or bought. The Housing Corporation can direct the Association to recycle or repay the attributable grant. The amounts to be recycled are transferred to, and held in, a recycled capital grant fund, which is shown in creditors.

2 Principal Accounting Policies (continued)**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 Association retains an equity percentage which must be repaid to the Association when the property is sold. The investment is revalued annually and surpluses/deficits are reflected as above.

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. 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.

Bad and doubtful debts

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

2 Principal Accounting Policies (continued)

Deferred taxation

Deferred tax balances are 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 Association 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.

Supporting People Income and Expenditure

Supporting People funding is receivable from Local Authorities on a contractual basis. Where funding is received for the support charge made to tenants, this is shown in Social Housing Lettings (see note 5).

The remainder of the funding is under a block subsidy contracts which enables the Association to provide services such as floating support. This income is shown as other Social Housing Activities (see note 4). Related costs for these services are matched to the income and both are recognised in the income and expenditure account in the period to which they relate.

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.

Soha Housing Limited

Notes on the Financial Statements - 31 March 2008 (continued)

2 Principal Accounting Policies (continued)

Leased assets

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

Value Added Tax (VAT)

The Association 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.

3 Prior Period Adjustment

The Statement of Recommended Practice (SORP) for registered social landlords has been updated for periods commencing on or after 1 April 2008, however early adoption is encouraged.

The existing SORP recommends that first tranche sale proceeds are credited to fixed asset housing property costs. The new SORP treatment requires the cost of development in respect of first tranches to be reclassified as current assets and for a surplus or deficit on first tranche sales to be reflected in the income and expenditure account.

The Association has adopted this treatment and the effect of the prior period adjustment on revenue reserves, shared ownership housing properties in fixed assets and current assets is set out below.

In addition, the Association has previously treated the Disposal Proceeds Fund arising on the sale of properties under the Right To Acquire scheme as a restricted reserve except for the element that related to grants received from the Housing Corporation, which were treated as creditors. It is, however, sector practice to show the entire fund as creditors and the Association has now adopted this policy. The impact is to move £399,000 from reserves to creditors as at 31 March 2007.

Balance Sheet: Fixed Asset Housing Properties (completed)

	2008 £'000
Completed fixed asset housing properties at beginning of year as previously stated	223,981
Add: accumulated first tranche receipts from prior years	3,939
Less: transfer to current assets representing first tranche costs of shared ownership properties to be sold	(6,995)
Add: Recategorisation of costs from prior years	412
Completed fixed asset housing properties at beginning of year as restated (note 13)	221,337

3 Prior Period Adjustment (continued)

Balance Sheet: Fixed Asset Housing Properties (under construction)	2008 £'000
Completed fixed asset housing properties at beginning of year as previously stated	12,757
Less: transfer to current assets representing costs of shared ownership schemes under construction attributable to first tranche sales	(1,433)
Less: transfer to current assets of costs of open market sale and equity sale properties under construction and recategorisation of costs from prior periods	(3,234)
Fixed asset housing properties under construction at beginning of year as restated (note 13)	<u>8,090</u>

Balance Sheet: Depreciation of Housing Properties	2008 £'000
Accumulated depreciation of fixed asset housing properties at beginning of year as previously stated	1,301
Less: Reduction in depreciation as a result of recategorising asset costs	(11)
Accumulated depreciation of fixed asset housing properties at beginning of year as restated (note 13)	<u>1,290</u>

Balance Sheet: Land and Properties held for resale	2008 £'000
Land and Properties held for resale at beginning of year as previously stated	325
Add: Transfer of completed properties from fixed asset housing properties	4,272
Add: Transfer of schemes under construction from fixed asset housing properties	3,893
Land and Properties held for resale at beginning of year as restated (note 14)	<u>8,490</u>

Balance Sheet: Revenue Reserves

Accumulated surplus on first tranche shared ownership sales made before 1 April 2007:

First tranche proceeds

First tranche cost of sales

Reduction in accumulated property depreciation

Prior period increase to opening revenue reserves (note 23)

2008
£'000

3,939

(3,085)

854

11

865

Income & Expenditure Account

2007
£'000

Turnover: as previously stated

Add: Proceeds from first tranche sales of shared ownership properties

Add: Proceeds from sales of properties sold on the open market or as part of an equity sale scheme

Turnover as restated (note 4)

19,982

1,766

628

22,376

Cost of Sales: as previously stated

Add: Cost of sales of first tranche sales of shared ownership properties

Add: Cost of sales of properties sold on the open market or as part of an equity sale scheme

Cost of Sales as restated (note 4)

-

1,230

359

1,589

Surplus on Sale of Properties and Land: as previously stated

Less: Surplus on properties sold on the open market or as part of an equity sale scheme

Less: Transfer to Disposal Proceeds Fund for properties sold under Right to Acquire

Deficit on sale of properties and land as restated (note 6)

459

(269)

(231)

(41)

4 Turnover, Operating Costs and Operating Surplus

<u>Year ended 31 March 2008</u>	<i>Note</i>	Turnover	Cost of Sales	Operating Costs	Operating Surplus
		£'000	£'000	£'000	£'000
Social housing lettings	5	20,752	-	(14,124)	6,628
Other social housing activities:					
Shared Ownership first tranche sales		9,163	(6,530)	-	2,633
Shared Equity sales		761	(448)	-	313
Supporting People contracts		162	-	(155)	7
Leaseholder services		101	-	(100)	1
Development administration		-	-	(472)	(472)
Other		70	-	(46)	24
Non-social housing activities:					
Outright Sales		143	(141)	-	2
Other		312	-	(246)	66
TOTAL		31,464	(7,119)	(15,143)	9,202

<u>Year ended 31 March 2007</u> as restated	<i>Note</i>	Turnover	Operating Costs	Operating Costs	Operating Surplus
		£'000	£'000	£'000	£'000
Social housing lettings	5	19,376	-	(13,156)	6,220
Other social housing activities:					
Shared Ownership first tranche sales		1,766	(1,230)	-	536
Shared Equity sales		432	(222)	-	210
Supporting People contracts		199	-	(176)	23
Leaseholder services		97	-	(95)	2
Development administration		-	-	(494)	(494)
Other		58	-	(46)	12
Non-social housing activities:					
Outright Sales		196	(137)	-	59
Other		252	-	(202)	50
TOTAL		22,376	(1,589)	(14,169)	6,618

Soha Housing Limited

Notes on the Financial Statements – 31 March 2008 (continued)

5 Income and Expenditure from Social Housing Lettings

	General needs housing £'000	Supported housing** £'000	Key worker housing £'000	Low cost home ownership £'000	Other £'000	2008 Total £'000	2007 Total £'000
Turnover from social housing lettings							
Rent receivable net of service charges and void losses*	16,265	2,551	143	205	124	19,288	17,971
Service charges receivable	109	508	1	17	-	635	633
Charges for care and support services	-	408	-	-	-	408	407
Garage rents and other income	27	-	-	2	328	357	361
Net rent and service charges receivable	16,401	3,467	144	224	452	20,688	19,372
Revenue grants	64	-	-	-	-	64	4
Total turnover from social housing lettings	16,465	3,467	144	224	452	20,752	19,376
Expenditure on social housing lettings							
Management	2,216	359	45	78	145	2,843	2,646
Services	402	504	-	-	55	961	841
Care and support costs	-	532	-	-	-	532	636
Routine maintenance	3,620	293	1	-	51	3,965	3,642
Planned maintenance	2,856	366	39	-	-	3,261	2,778
Major repairs expenditure	915	171	-	-	-	1,086	1,236
Bad debts	80	17	-	-	-	97	64
Depreciation of housing properties	944	267	-	-	-	1,211	1,171
Other costs	34	28	-	1	105	168	142
Total expenditure on social housing lettings	11,067	2,537	85	79	356	14,124	13,156
Operating Surplus on social housing lettings	5,398	930	59	145	95	6,628	6,220
Notes:							
*Rent losses from voids including garages	113	170	1	-	125	409	320

** including housing for older people

6 Surplus/(deficit) on Sale of Properties and Land

	2008	2007
	£'000	as restated £'000
Proceeds net of amount due to South Oxfordshire District Council	1,279	856
Less: Disposals at valuation	(566)	(562)
Costs of sale	(83)	(119)
Net surplus on Starter Home Initiative loans redeemed	19	15
Transfer to Disposal Proceeds Fund	(510)	(231)
Surplus/(deficit) for the year based on valuation	139	(41)
Revaluation surplus realised on disposals	341	319
Surplus for the year based on historic cost	480	278

7 Directors' Emoluments and Expenses

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

	2008	2007
	£'000	£'000
Aggregate emoluments payable to directors (including pension contributions and benefits in kind):		
Amounts payable to executive staff (see note below)	424	384
Amounts payable to non-executive Board members	39	39
	463	423
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	111	104

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 have been paid for roles they perform since 1 December 2005 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.

	2008	2007
	£'000	£'000
Expenses reimbursed to Board members	7	7

8 Employee Information

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

	2008		2007	
	Number	Full-time Equivalent	Number	Full-time Equivalent
Office staff	80	74	79	75
Scheme Managers	16	16	16	14
	96	90	95	89

The full-time equivalent is based on a 37 hour week. Based on a 35 hour week, the average number of people is 94 (2007: 94).

	2008	2007
	£'000	£'000
Staff costs (for all of the above staff and Board Members)		
Wages and salaries	2,516	2,400
Social security costs	225	218
Pension costs (see note 26)	261	207
	3,002	2,825

9 Surplus on Ordinary Activities Before Tax

	2008	2007
	£'000	£'000
The surplus on ordinary activities before tax is stated after charging:		
Depreciation		
- housing properties	1,212	1,171
- other fixed assets	234	258
Operating lease rentals		
- land and buildings	110	198
- other	40	49
External auditors' remuneration (including VAT)		
- in their capacity as auditors	26	26
- other services	4	4

10 Interest Receivable

	2008	2007
	£'000	£'000
From bank and money market deposits	34	35

11 Interest Payable

	2008	2007
	£'000	£'000
Payable to Dexia Public Finance Bank:		
On housing loans repayable in more than five years	6,532	5,692
On housing loans repayable in less than five years	-	-
	6,532	5,692
Payable to South Oxfordshire District Council	21	16
Allocated to RCGF and DPF	42	-
Sundry Interest	-	1
	6,595	5,709

12 Taxation on Surplus on Ordinary Activities

Although the Association has made a surplus for the year it has made deficits in all years from the year of inception to 31 March 2005. As a result, the Association has a potential deferred tax asset of approximately £456,000 at 31 March 2008 (2007: £1.8 million) arising from unrelieved tax losses (which total approximately £4.0 million) and other timing differences.

In previous years, the Board considered that the losses were unlikely to be offset against taxable profits in the foreseeable future. However, taxable profits have been higher than forecast and, in retrospect, a deferred tax asset could have been created. If a deferred tax asset had been created in previous years, approximately £1,162,000 would have been utilised in 2008 (2007: £388,000; £2,538,000 to date) before considering profits arising in periods after 2008.

However, although the Association has unrelieved tax losses available to be set against future taxable profits, a deferred tax asset has continued not to be accounted for on the basis that the Association intends to convert to charitable rules in the short term and by 31 March 2009 at the latest.

If a deferred tax asset had been created, approximately £456,000 would have been recorded in the balance sheet at 31 March 2008 with a corresponding prior year tax credit of £1,618,000 to the revenue reserve offset by a tax charge for 2008 of £1,162,000.

As no deferred tax asset has been recognised in prior years, there is no deferred tax charge this year and therefore the tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2008	2007
	£'000	as restated £'000
Surplus on ordinary activities before tax	2,780	903
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007 – 30%)	834	271
Effects of:		
Expenses not deductible for tax purposes	15	30
Property depreciation not deductible for tax purposes	363	350
Depreciation in excess of capital allowances	35	32
Revaluation surplus in excess/(lower than) of CGT indexation	29	(1)
Transfer to Disposal Proceeds Fund and interest thereon not deductible for tax purposes	106	69
Rollover relief on profit on disposal of property	(245)	(88)
Tax losses to be utilised (see above)	(1,197)	(663)
Net tax charge for the year	-	-

Soha Housing Limited

Notes on the Financial Statements - 31 March 2008 (continued)

13 Tangible Fixed Assets – Housing properties

	Freehold		Shared Ownership		Leasehold	Total
	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	£'000
Cost or valuation						
At 1 April 2007	210,297	9,379	9,420	3,378	4,264	236,738
Prior period adjustment	332	(3,234)	(3,000)	(1,433)	24	(7,311)
Restated Cost or valuation at 1 April 2007	210,629	6,145	6,420	1,945	4,288	229,427
Additions: New Properties	2,495	8,618	76	3,247	172	14,608
Additions: Existing Properties	714	-	-	-	7	721
Disposals	(455)	-	(111)	-	-	(566)
Transferred into management	10,529	(10,531)	3,068	(3,068)	2	-
Gross Cost at 31 March 2008	223,912	4,232	9,453	2,124	4,469	244,190
Social Housing Grant						
At 1 April 2007	(19,541)	(982)	(1,315)	(31)	(2,786)	(24,655)
Received in year	(230)	(2,951)	17	(134)	(111)	(3,409)
Transferred into management	(2,677)	2,677	(115)	115	-	-
At 31 March 2008	(22,448)	(1,256)	(1,413)	(50)	(2,897)	(28,064)
Net Cost at 31 March 2008	201,464	2,976	8,040	2,074	1,572	216,126

Soha Housing Limited

Notes on the Financial Statements - 31 March 2008 (continued)

13 Tangible Fixed Assets – Housing properties (continued)

	Freehold		Shared Ownership		Leasehold	Total
	Held for letting £'000	Under Construction £'000	Held for Letting £'000	Under Construction £'000	Held for Letting £'000	
Depreciation						
At 1 April 2007	1,137	-	63	-	101	1,301
Prior period adjustment	(1)	-	(11)	-	1	(11)
Restated Accumulated Depreciation at 1 April 2007	1,136	-	52	-	102	1,290
Charge for year	1,124	-	56	-	32	1,212
At 31 March 2008	2,260	-	109	-	133	2,502
Net Book Value						
At 31 March 2008	199,204	2,976	7,931	2,074	1,439	213,624
At 31 March 2007 as restated	189,952	5,163	5,052	1,914	1,401	203,482
Comparable amounts determined according to the historical cost convention:						
Historic cost	123,641	4,232	9,326	2,124	3,946	143,269
Less: Social Housing Grant	(22,448)	(1,256)	(1,413)	(50)	(2,897)	(28,064)
Net Historic cost	101,193	2,976	7,913	2,074	1,049	115,205
Cumulative revaluation uplift	100,271	-	127	-	523	100,921
	201,464	2,976	8,040	2,074	1,572	216,126

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

Soha Housing Limited**Notes on the Financial Statements - 31 March 2008 (continued)**

Analysis of leasehold units	Short leasehold	Long leasehold	Total
	£'000	£'000	£'000
Cost or valuation	350	4,120	4,470
Social Housing Grant	(212)	(2,685)	(2,897)
Depreciation	(28)	(106)	(134)
Net Book Value	110	1,329	1,439

The costs and movements of different business streams such as non-social housing are not shown separately as these elements are not considered to be material to an understanding of the accounts.

Valuation

None of our properties have been revalued at 31 March 2008. Those general needs and supported properties acquired before 31 March 2006 were revalued at Existing Use Value – Social Housing in line with the RICS Appraisal and Valuation Manual at that date. This was 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 at £187 million by FPD Savills as at 31 March 2006. The valuation basis is that recommended by the Statement of Recommended Practice. The assumed discount rate was 5.0% in real terms.

Properties acquired or built during the year are included at cost.

Units in Management:**Rented:**

	2008 Number	2007 Number
At 1 April 2007	4,837	4,741
Acquisitions and New Build (excluding properties for market sale)	149	131
Sales under Right to Buy/Right to Acquire legislation	(10)	(12)
Private Sector Leasing Scheme units	(3)	7
Demolished / Other sales	(2)	(30)
At 31 March 2008	4,971	4,837

Leasehold:

At 1 April 2007	211	212
Transfers into leasehold management from sales under Right to Buy/Right to Acquire legislation	-	2
Shared Equity Developments	13	7
Acquisitions & New-build	2	-
Repurchases	-	(3)
At 31 March 2008	226	218

Total Units in Management

5,197	5,055
--------------	--------------

13 Tangible Fixed Assets – Housing properties (continued)

Units in management and under construction

	In management		Under construction	
	Number 2008	Number 2007	Number 2008	Number 2007
General needs housing	3,926	3,840	44	121
Sheltered housing	780	782	-	-
Supported housing	49	49	-	-
Keyworker housing	29	29	23	14
Shared ownership	161	108	90	56
Shared Equity	13	-	-	6
Leasehold	213	211	-	-
Private Sector Leasing Scheme	17	20	-	-
Other (non-social housing)	9	9	16	13
At 31 March 2008	5,197	5,048	173	210

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.

14 Land and Properties for Sale

	Ready for Sale	Under Construction	2008 Total	2007 as restated
	£'000	£'000	£'000	£'000
Shared Ownership	1,359	2,123	3,482	6,197
Open Market Sales	1,753	1,202	2,955	1,968
Shared Equity	-	-	-	123
Land Held for Resale	227	-	227	202
	3,339	3,325	6,664	8,490

12 of the units included in the Open Market Sales that shown above as Ready for Sale (cost £1,565,000) were built with a view to sale and at 31 March 2008, this was still the intention. However after the balance sheet date, due to the uncertainty in the housing market, it has been decided to rent these properties at market rents for at least a year. Therefore they will be transferred into fixed asset properties in the year ending 31 March 2009.

Soha Housing Limited**Notes on the Financial Statements - 31 March 2008 (continued)****15 Investments**

	Starter Home Initiative Loans	Shared Equity Properties	2008 Total	2007
	£'000	£'000	£'000	£'000
Cost	961	374	1,335	1,350
Less: Grants received	(961)	-	(961)	(1,209)
Net revaluation	206	244	450	332
	206	618	824	428

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.

16 Tangible Fixed Assets – Other

	Office Premises	Office Fixtures & Fittings	Computer equipment	Furniture and equipment	Vehicles	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2007	-	1,034	583	888	20	2,525
Additions	1,816	-	48	33	15	1,912
Disposals	-	-	(8)	(7)	-	(15)
At 31 March 2008	1,816	1,034	623	914	35	4,422
Depreciation						
At 1 April 2007	-	929	465	755	19	2,168
Charge for year	8	76	80	66	4	234
Disposals	-	-	(7)	(5)	-	(12)
At 31 March 2008	8	1,005	538	816	23	2,390
Net Book Value:						
At 31 March 2008	1,808	29	85	98	12	2,032
At 31 March 2007	-	105	118	133	1	357

Soha Housing Limited

Notes on the Financial Statements - 31 March 2008 (continued)

17 Capital and Financial Commitments

	Capital Commitments		Financial Commitments	
	2008	2007	2008	2007
Contracted for but not provided for in the financial statements:	£'000	£'000	£'000	£'000
Housing property	3,479	8,125	971	2,916
Other capital expenditure	-	-	-	-
	3,479	8,125	971	2,916
Committed but not contracted for:				
Housing property	8,571	475	7,513	1,084
Other capital expenditure	540	255		
	9,111	730	7,513	1,084

The Association has loan facilities in place to meet its financial commitments for the foreseeable future which, together with operating surpluses and social housing grant, will fund the capital expenditure. Financial commitments will be met from income sales of properties.

18 Debtors

	2008	2007
	£'000	£'000
<i>Amounts receivable within one year:</i>		
Rental debtors	517	489
Less: provision for bad debts	(132)	(138)
	385	351
Other debtors	495	470
Prepayments and accrued income	1,151	877
	2,031	1,698

19 Creditors: Amounts falling due within one year

	2008	2007
	£'000	as restated £'000
Trade creditors	1,826	1,153
Rents in advance	398	233
South Oxfordshire District Council	788	719
Other taxes and social security costs	78	10
Development and maintenance accruals	1,977	3,714
Deferred income and grants	2	179
Recycled Capital Grant Fund	592	328
Disposal Proceeds Fund	989	481
Other creditors and accruals	162	71
	6,812	6,888

Soha Housing Limited**Notes on the Financial Statements – 31 March 2008 (continued)****20 Recycled Capital Grant Fund (RCGF) and Disposal Proceeds Fund (DPF)**

	Sale of Properties £'000	SHI Loans £'000	RCGF Total £'000	DPF Total £'000
At 1 April 2007 as restated	-	328	328	481
Grants released on sales added to the fund	16	-	16	510
Loans repaid in the year added to the fund	-	248	248	-
Grant recycled into new schemes	-	-	-	(44)
Interest added to the fund	-	-	-	42
At 31 March 2008	16	576	592	989

21 Creditors: Amounts falling due after more than one year

	2008 £'000	2007 £'000
Housing loans from Dexia Public Finance Bank plc repayable in five years or more	114,250	105,750
Loan redemption costs	585	629
	114,835	106,379

Amounts due to Dexia are secured by a charge over 3,807 of Soha's properties. Interest is payable at fixed rates on loans (for periods ending in 1 to 25 years) totalling £69.75m (2007: £69.75m), at cancellable fixed rates (for periods ending in 30 years) totalling £10.0m (2007: £10.0m) and at variable rates on loans totalling £34.5m (2007: £26.0m).

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

	2008 £	2007 £
Shares of £1 each issued and fully paid:		
At beginning of year	21	21
Issued during year	-	3
At the end of the year	21	21

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.

23 Reserves

	Revenue Reserve	Revaluation Reserve	Disposal Proceeds Fund	Total Reserves
	£'000	£'000	£'000	£'000
At 1 April 2007	(4,864)	105,373	399	100,908
Prior Year Adjustment	865	-	(399)	-
	(3,999)	105,373	-	101,374
Surplus for the year	2,780	-	-	2,780
Transfer of realised revaluation surplus	293	(293)	-	-
Transfer of depreciation on revalued amount to revaluation reserve	577	(577)	-	-
Revaluation of shared equity properties and investment loans	-	166	-	166
Reversal of prior revaluation surpluses on equity loans repaid	48	(48)	-	-
At 31 March 2008	(301)	104,621	-	104,320

The Disposal Proceeds Fund was a restricted reserve that represented amounts calculated by reference to surpluses on the sales of units under the Right To Acquire Scheme. In line with the treatment adopted by other housing associations, it is now included in creditors (see Note 3).

24 Operating Lease Commitments

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

	2008		2007	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	17	8	171	17
In two to five years	28	32	28	32
	45	40	199	49

25 Notes to the Cash Flow Statement

	2008 £'000	2007 as restated £'000
a) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	9,202	6,618
Depreciation	1,446	1,429
Increase in land and properties held for resale	(330)	(812)
Increase in debtors	(333)	(812)
Increase/(Decrease) in creditors	1,724	(268)
Net cash inflow from operating activities	11,709	6,155
	2008 £'000	2007 £'000
b) Reconciliation of net cash outflow to movement in net debt		
Increase/(decrease) in cash in the year	606	(242)
Cash inflow from increase in debt	(8,500)	(11,730)
Increase in net debt	(7,894)	(11,972)

c) Analysis of changes in net debt	At 1 April 2007 £'000	Cashflow £'000	At 31 March 2008 £'000
	<u>Year ended 31 March 2008</u>		
Cash at bank and in hand	186	606	792
Debt due after one year	(105,750)	(8,500)	(114,250)
	(105,564)	(7,894)	(113,458)
	At 1 April 2006 £'000	Cashflow £'000	At 31 March 2007 £'000
<u>Year ended 31 March 2007</u>			
Cash at bank and in hand	428	(242)	186
Debt due after one year	(94,020)	(11,730)	(105,750)
	(93,592)	(11,972)	(105,564)

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 allows a choice of 3 benefit structures:

- Final salary with 1/60th accrual rate
- Final salary with 1/70th accrual rate
- Career average revalued earning with a 1/60th accrual rate

An employer can elect the scheme it wishes to operate for existing and new employees. Soha has elected to continue to operate a final salary with 1/60th accrual rate for all employees. In line with this change, the Scheme now allows employers to decide on the split of contributions between themselves and the employees, although the employer must pay at least 50% of the contributions.

Contributions to the scheme are determined by a qualified actuary on the basis of tri-annual valuations using the projected unit credit method 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 2005, which valued the Scheme's assets at £1,278 million and showed a shortfall of assets compared to the value of liabilities of £283 million, equivalent to a post service funding level of 82%.

The Scheme actuary has prepared a report providing an approximate update of the position as at 30 September 2007. This shows a valuation of the Scheme's assets at £1,760 million and a shortfall of assets of £209 million, equivalent to a funding level of 89%. Funding updates are carried out using approximate actuarial techniques and will not produce the same results as a full actuarial valuation. The following notes therefore relate to the formal valuation of September 2005.

The financial assumptions underlying the valuation were as follows:

▪ average rate of price inflation	2.5% per annum
▪ rate of return on investment pre-retirement	7.2% per annum
▪ rate of return on investment post-retirement	4.8% per annum
▪ rate of salary increases to 30 September 2010	5.0% per annum
▪ rate of salary increases from 1 October 2010	4.0% pre annum
▪ rate of pension increases	2.5% per annum

The valuation revealed an actuarial deficit of £283 million which is planned to be recovered through increases in employers' and employees' contributions. From 1 April 2007 the combined contribution rate increased to 22.0% (from 17.3%). This increase included a combined contribution rate of 4.4% to bring the value of assets and liabilities into balance and maintain current defined benefits. From this date, average contribution rates for Soha employees will be 7.3% (previously 5.6%) and for Soha will be 14.7% (previously 11.7%).

26 Pension Costs (continued)

Pension contributions made by the Association in the year totalled £261,127 (2007: £207,143), covering an average of 57 employees (2007: 60). The contribution rate of the Association for the year ended 31 March 2008 was 14.7 % (2007: 11.7%) and for the employees at rates varying between 5.8% and 7.8%. The Association continues to offer membership of the scheme to all employees.

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 only 1 employee was active at 31 March 2008, 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 26, 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 31 March 2007 was £5.32 million (£6.27 million as at 30 September 2006). A similar potential debt exists in relation to the Pensions Trust Growth Plan, which is estimated to be £12,627 as at 30 September 2007 (£23,354 as at 30 September 2007). 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 (continued)

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 £53,000 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 material in relation to Soha's overall assets and liabilities.

28 Related Party Transactions

During the year there were no material related party transactions requiring disclosure in these accounts, or payments made outside those 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.

We have audited the financial statements of Soha Housing Limited for the year ended 31 March 2008 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Surpluses and Deficits, Note of Historical Cost Surpluses and Deficits and the related notes. These have been prepared under the accounting policies set out therein.

Respective responsibilities of the Board and auditors

As described in the Statement of Board Responsibilities the Association's Board is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the Report of the Board is not consistent with the financial statements, a satisfactory system of control over transactions has not been maintained, if the Association has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Board and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of Schedule 1 paragraph 16 to the Housing Act 1996 and Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the above statute or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and were hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2008 and of its results for the year then ended; and
- The financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors
Epsom, Surrey

4 September 2008

Soha Housing Limited

Executive and main advisors as at 31 March 2008

BOARD

Victor Breach (Chair)	Peter Jones (Co-opted)
Graham Lovelock (Vice Chair)	Ian King
Mike Alexander	Richard Peacock (Chief Executive)
Carole Burchett	Harjit Sandhu
Valerie Edwards	Jonathan Wheeler
Freda Griffiths	Steve Workman (Chair of Audit)

SECRETARY

Richard Peacock (Chief Executive)

EXECUTIVE OFFICERS

Richard Peacock	(Chief Executive)
Carol Hall	(Director of Customer Services)
Steve Lynch	(Director of Property & Development)
Paul Rennard	(Director of Finance & Resources)

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