



# **Soha Housing Limited**

**Group Financial Statements**

**for the year ended**

**31 March 2009**

**CONTENTS**

The Board of Soha Housing is pleased to present their annual accounts and report for the year ended 31 March 2009. The contents are set out below.

	<b>Page</b>
Report of the Board – Operating and financial review	<b>1</b>
Income and expenditure account	<b>14</b>
Statement of total recognised surpluses and deficits	<b>15</b>
Note of historical cost surpluses and deficits	<b>15</b>
Balance sheet	<b>16</b>
Cash flow statement	<b>17</b>
Notes on the financial statements	<b>18</b>
Report of the independent auditor on the financial statements	<b>41</b>
Executive and advisors	<b>42</b>

## **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
- d) Investment for the Future
- e) Change to charitable status
- f) Operational Performance
- g) Key Performance Indicators Summary
- h) Development and Sales
- i) Asset Management
- j) Financial Review
- k) Statement of the Board's Responsibilities
- l) Housing Association Governance
- m) The Board and Executive Officers
- n) Internal Controls Assurance
- o) Strategies and Policies
- p) Employment
- q) Charities
- r) External Auditors
- s) Insurance and Health & Safety
- t) Statement of Compliance

#### **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.

**b) Vision and Strategic Objectives (ctd)**

In the current uncertain economic climate, Soha must maximise its general health in the short term in order to remain viable and to deliver the aims in the Corporate Plan now and in the future. There is, therefore, an over-riding objective in the 2009/10 Plan to take decisions that are in the best interests of Soha economically.

**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.

During the year there has been a significant economic downturn in both the UK and the World. In particular in common with most housing associations, risks and uncertainties have arisen in both the property and funding markets. Soha has been very proactive in managing these risks, with regular reports to and discussions at all Board meetings. A working group was formed in June 2008 to assess the risks facing Soha as a result, and any impact on Soha strategies. The working group regularly reports to the Board so that the management of these risks can be fully monitored.

Soha's 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.

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 credit crunch management.
2. Soha does not achieve a 2\* service level before it is inspected.
3. Loss due to a contractor ceasing trading.
4. Funding issues (availability and cost) arise due to the 'credit crunch'.
5. Failure of contractors to meet targets for repairs.
6. Asset Management Strategy fails.
7. Soha develops shared ownership and other properties for sale that take a long time to sell.
8. Costs of voids and responsive repairs considerably exceed budget.
9. Impact on Business Plan of lower/different development activity due to "Credit Crunch".
10. Soha's response to supporting people tendering results in losses, operational issues or reduced customer satisfaction.

**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:

**d) Investment for the Future (ctd)**

- 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 produced from recommendations from mock inspections carried out in May 2007 and June 2009.

**e) Change to Charitable Status**

During the year the Board approved the conversion of the Association to charitable status. This took effect from 13 July 2009. The Board considers that the majority of Soha's activities are substantially charitable, with any non-charitable activities being ancillary or incidental to its charitable activities.

As part of the conversion, a subsidiary with charitable status, Soha Neighbourhood Services Ltd, was formed on 17 March 2009. Its principal activities will be estate regeneration and improvement, community initiatives, and other services that are ancillary to housing.

A second subsidiary, Soha in Business Ltd, was also formed on 13 July 2009 to undertake any non-charitable trading activities.

**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") set both internally and 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 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 TSA 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;
- Customer Service response times;
- New homes completed;
- Average sale time for shared ownership and outright sale properties.

## Soha Housing Limited

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

#### g) Key Performance Indicators Summary

The table below shows actual performance against target and the 2007/08 results for a selection of the Association's key performance indicators:

Indicator	Actual 2008/09	Target 2008/09	Actual 2007/08
Tenant satisfaction with overall service	84%	84%	84%
Tenant satisfaction with views being taken into account	66%	60%	53%
Current tenant arrears	2.9%	2.0%	2.0%
Empty property turnaround	10.3 wks	4.0 wks	5.3 wks
EBITDA %	34.5%	34.5%	35.9%
Homes meeting Decent homes standard	99.8%	99.8%	97.7%
Properties with current gas certificates	100%	100%	100%
Repairs response times			
• Emergency	96.6%	99.0%	97.1%
• Urgent	96.8%	98.0%	97.6%
• Routine	96.1%	97.5%	95.3%
Homes developed or acquired	106	160	161
Average shared ownership sale turnaround	17.3 wks	23 wks	27.8 wks

#### h) Development and Sales

During the year 106 units were constructed or acquired and Soha expects to construct a further 150 units in 2009/10. Disposals through Right to Buy and Right to Acquire continue to be very low so overall units in management increased from 5,197 to 5,295.

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

During the year 42 shared ownership, and 3 outright sale properties were sold adding £4.3m (2008: £10.1m) to turnover and cross-subsidising the continuing development programme. The time taken, on average, to sell properties once completed was 17.3 weeks (2008: 27.8 weeks) against a target of 23.0 weeks.

**i) 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 have achieved this and at 31 March, 99.8% of homes met this standard. No investment has been made to the remaining 0.2% of properties due to future development plans. One of the corporate objectives is to devise an enhanced standard “Decent Homes Plus” in consultation with tenants and implementation to achieve this standard has already started.

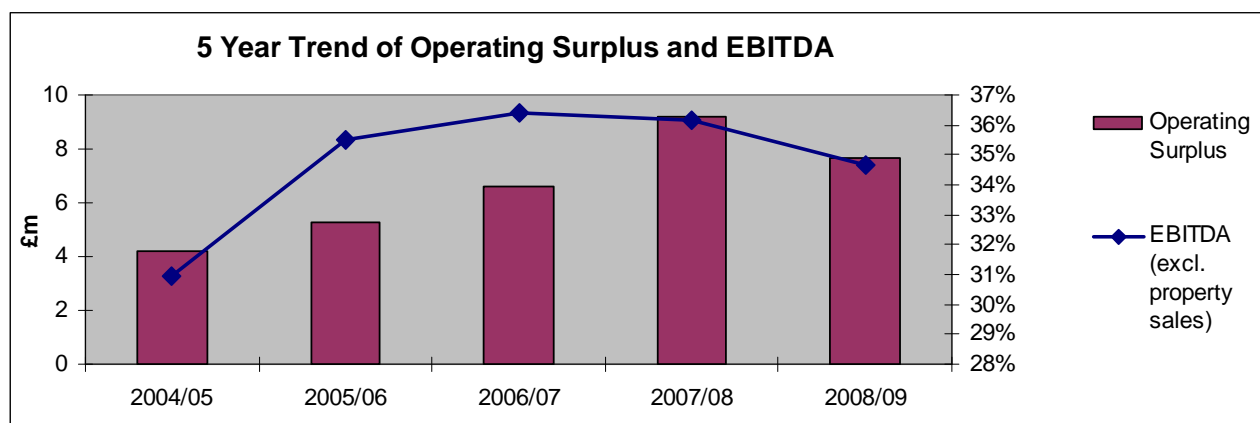
The Asset Management strategy, revised last year, placed a stronger emphasis on demand and sustainability, energy efficiency, and tenant involvement. Total spend on planned and major repairs in the year was £5.2m and included £50,000 spend on Carbon Reduction Initiatives in the form of thermostatic radiator valves and energy efficient light bulbs.

Total spend on responsive repairs and voids exceeded budget for the third 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 the major contract to one established contractor.

At 31 March, there were 103 empty properties of which 57 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. During the year Board approval was given to redevelop a sheltered scheme in Woodcote to provide up to date accommodation.

**j) Financial Review**

Soha’s financial results for the year are set out on pages 15 to 41 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 in 2007/08, 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 main elements of the financial results are explained below:

**j) Financial Review (ctd)**

**Income and Expenditure Account**

Soha made a surplus for the year of £2,347,000 (2008: £2,780,000). £1,022,000 (2008: £2,633,000) has been added to the operating surplus through first tranche sales of shared ownership properties. The overall surplus is after deducting housing depreciation of £1,241,000 (2008: £1,211,000).

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 (£34,000) and a difference in depreciation charges (£733,000), the historical cost surplus would be £3,114,000 (2008: surplus £3,698,000).

Key elements of the results are:

- Turnover from **social housing lettings** increased by £1,623,000 due to rent increases in April 2008 and the number of available units for letting increasing through the completion of development projects.
- Sales of developed properties significantly decreased this year to 45 units from 101 units in 2008. This resulted in turnover decreasing to £4,319,000 (2008: £10,067,000). Cost of sales have decreased in proportion.
- **Operating costs** have increased by £1,206,000. £950,000 was attributable to additional budgeted expenditure on the planned maintenance programme. 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 £1,018,000 compared with £139,000 in 2008. The majority of the surplus arose on the sale of land following the closure of a rural sheltered scheme in Forest Hill. Only one property was sold under Right to Buy or Right to Acquire legislation during the year (2008:10).
- **Interest payable**, all of which is expensed rather than capitalised, decreased by £193,000 this year due to interest rate falls and effective treasury management.

**Balance Sheet**

At 31 March 2009, Soha's balance sheet showed total assets less current liabilities of £303.1m (2008: £219.2m) - an increase of 38% compared with the position at 31 March 2008. The main points are as follows:

- The carrying value of Soha's properties at 31 March 2009 was £290m (2008: £214m). The stock was last valued at 31 March 2006. A new valuation was carried out by Drivers Jonas as at 31 March 2009 and is based on discounted future cashflows on an EUV-SH basis. One class of assets have not been revalued as this would be inappropriate (see note 13) and these are included in the total above at cost less depreciation.
- The cost of improvements of £208,000 (2008: £97,000) has been capitalised.
- Expenditure on development schemes was £15m net of Social Housing Grant of £6.8m representing 106 completed new build and 4 acquired properties with a further 202 units under construction at 31 March.

**j) Financial Review (ctd)**

- At 31 March 2009, Soha's net current assets amounted to £10.4m (2008: £2.7m). The change in this asset position is mainly as a result of a large receipt of Social Housing Grant at year end.

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.

**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 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.

## **Soha Housing Limited**

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

#### **l) 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.

#### **m) The Board and Executive Officers**

The Board and Executive Officers are listed on page 42. Mike Alexander retired from and Cecile Galoselva was appointed to the Board on 17 September 2008. There are no other changes in the year. 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)
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 Gates	(Financial Controller)
Penny Gotch	(Legal Services Manager)
Richard Smith	(Asset Manager)
Catherine Little	(Policy and Initiatives Manager)

**n) Internal Controls Assurance**

Under Tenant Services Authority (TSA) 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 Tenant Services Authority'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 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***

The internal control framework and risk management process has been subject to regular review during the past year 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 were discussed and approved by the Audit Committee, were 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 and another mock inspection was carried out in June 2009 to assess this progress externally.

**f) *The Tenants' Services Authority Regulatory Code***

The Board has responsibility for ensuring that the Association complies with its obligations under the regulatory code. The TSA focuses on the robustness of the Association's finance and risk strategies; the effectiveness of its corporate governance and the delivery of its housing strategies. In consultation with the Association the TSA 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 Tenant Services Authority (TSA) 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 2009 and the subsequent period to 29 July 2009.

### **o) 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.
- **Resident Involvement:** 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.

### **p) 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 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.

**q) Charities**

In addition to time and support given to several local charities, the following donations were made:

Donation to Barton Community Celebrations            £200

Soha also made a gift aid donation of £3.3m to its charitable subsidiary, Soha Neighbourhood Services Ltd.

**r) 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.

**s) 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.

**t) 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**

**Chair**

29 July 2009

**Soha Housing Limited**

**Income and expenditure account for the year ended 31 March 2009**

	<i>Note</i>	<b>Group</b>		<b>Association</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	4	27,507	31,464	27,507	31,464
Cost of sales	4	(3,462)	(7,119)	(3,462)	(7,119)
Operating costs	4	(16,349)	(15,143)	(19,665)	(15,143)
<b>Operating surplus</b>	4	<b>7,696</b>	<b>9,202</b>	<b>4,380</b>	<b>9,202</b>
Surplus on sale of properties and land	6	1,018	139	1,018	139
Interest receivable	10	35	34	35	34
Interest payable	11	(6,402)	(6,595)	(6,402)	(6,595)
<b>Surplus/(deficit) on ordinary activities before tax</b>	9	<b>2,347</b>	<b>2,780</b>	<b>(969)</b>	<b>2,780</b>
Tax on surplus on ordinary activities	12	-	-	-	-
<b>Surplus/(deficit) for the financial year</b>		<b>2,347</b>	<b>2,780</b>	<b>(969)</b>	<b>2,780</b>

All amounts relate wholly to continuing activities.

The notes on pages 18 to 40 form part of these financial statements.

## Soha Housing Limited

### Statement of total recognised surplus for the year ended 31 March 2009

	<i>Note</i>	<b>Group</b>		<b>Association</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) for the financial year		2,347	2,780	(969)	2,780
Unrealised surplus on revaluation of properties		66,618	-	66,618	-
Unrealised (deficit)/surplus on revaluation on shared equity properties and investment loans	15,23	(221)	166	(221)	166
Total recognised surplus relating to the year		68,744	2,946	65,428	2,946
Prior Period Adjustment	3	-	865	-	865
Total recognised surplus since last annual accounts		68,744	3,811	65,428	3,811

## Soha Housing Limited

### Note of historical cost surplus and deficit for the year ended 31 March 2009

		<b>Group</b>		<b>Association</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Reported surplus/(deficit) on ordinary activities before taxation		2,347	2,780	(969)	2,780
Realisation of property revaluation surplus of prior years	6, 23	34	341	34	341
Difference between actual depreciation charge and that based on historic cost	23	579	577	579	577
Historical cost surplus/(deficit) on ordinary activities before taxation		2,960	3,698	(356)	3,698
Taxation	12	-	-	-	-
Historical cost surplus/(deficit) for the year after taxation		2,960	3,698	(356)	3,698

The notes on pages 18 to 40 form part of these financial statements.

# Soha Housing Limited

## Balance sheet as at 31 March 2009

	Note	Group		Association	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Tangible fixed assets</b>					
Housing properties	13	290,164	213,624	290,164	213,624
Investments	15	593	824	593	824
Other tangible fixed assets	16	1,971	2,032	1,971	2,032
		292,728	216,480	292,728	216,480
<b>Current assets</b>					
Land and Properties held for resale	14	6,477	6,664	6,477	6,664
Debtors	18	1,104	2,031	1,888	2,031
Cash at bank and in hand		9,530	792	5,430	792
		17,111	9,487	13,795	9,487
<b>Creditors:</b> amounts falling due within one year	19	(6,732)	(6,812)	(6,732)	(6,812)
<b>Net current assets</b>		10,379	2,675	7,063	2,675
<b>Total assets less current liabilities</b>					
		303,107	219,155	299,791	219,155
<b>Creditors:</b> amounts falling due after more than one year	21	130,043	114,835	130,043	114,835
<b>Capital and reserves</b>					
Share capital	22	-	-	-	-
Revenue reserve	23	1,742	(301)	(1,574)	(301)
Restricted reserve	23	929	-	929	-
Revaluation reserve	23	170,393	104,621	170,393	104,621
<b>Total capital and reserves</b>		173,064	104,320	169,748	104,320
		303,107	219,155	299,791	219,155

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 29 July 2009 and were signed on its behalf by:

**VICTOR BREACH**  
Chair

**JONATHAN WHEELER**  
Board Member

**RICHARD PEACOCK**  
Secretary

The notes on pages 18 to 40 form part of these financial statements.

# Soha Housing Limited

## Cash flow statement for the year ended 31 March 2009

	Note	Group		Association	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Net cash inflow from operating activities</b>	25	10,122	11,709	6,022	11,709
<b>Returns on investments and servicing of finance</b>					
Interest received	10	7	34	7	34
Interest paid	11	(6,464)	(6,549)	(6,464)	(6,549)
		(6,457)	(6,515)	(6,457)	(6,515)
<b>Taxation</b>		-	-	-	-
<b>Capital expenditure and capital receipts</b>					
Construction and purchase of housing properties		(17,997)	(15,578)	(17,997)	(15,578)
Sale of properties		808	1,210	808	1,210
Social Housing Grant received		7,086	3,188	7,086	3,188
Purchase of other fixed assets		(74)	(1,908)	(74)	(1,908)
<b>Net cash outflow from capital expenditure and receipts</b>		(10,177)	(13,008)	(10,177)	(13,008)
<b>Cash outflow before use of financing</b>		(6,512)	(7,894)	(10,612)	(7,894)
<b>Financing</b>					
New secured loans		15,250	8,500	15,250	8,500
<b>Net cash inflow from financing</b>	25	15,250	8,500	15,250	8,500
<b>Increase in cash in the year</b>	25	8,738	606	4,638	606

The notes on pages 18 to 40 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 has been a Registered Provider with non-charitable status, registered with the Tenant Services Authority under the Housing Act 1996. From 13 July 2009 the Association became an I&P Society with charitable status.

## **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. 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 (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 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 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 Homes and Communities Agency 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 <sup>1</sup> / <sub>3</sub> %
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. 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.

**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.

## **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.

### **Consolidation**

The Association 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 2009. Intragroup sales and surpluses charged at transfer prices are eliminated fully on consolidation.

## **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 and the Association did so in the year ended 31 March 2008.

The previous SORP recommended 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 from the year ended 31 March 2008 and created a prior period adjustment affecting revenue reserves, shared ownership housing properties in fixed assets and current assets in that year. The impact on total recognised surpluses was £865,000.

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 Homes and Communities Agency (HCA), which were treated as creditors. It is, however, sector practice to show the entire fund as creditors and the Association adopted this policy in the year ended 31 March 2008. The impact was to move £399,000 from reserves to creditors as at 31 March 2007.

# Soha Housing Limited

## Notes on the Financial Statements – 31 March 2009 (continued)

### 4 Turnover, Operating Costs and Operating Surplus

Group	Year ended 31 March 2009				Year ended 31 March 2008			
	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	22,375	(71)	(15,513)	6,791	20,752	-	(14,124)	6,628
Other social housing activities:								
Shared Ownership 1 <sup>st</sup> tranche sales	3,800	(2,778)	-	1,022	9,163	(6,530)	-	2,633
Shared Equity sales	-	-	-	-	761	(448)	-	313
Supporting People contracts	200	-	(133)	67	162	-	(155)	7
Leaseholder services	110	-	(131)	(21)	101	-	(100)	1
Development administration	-	-	(465)	(465)	-	-	(472)	(472)
Other	50	(11)	(46)	(7)	70	-	(46)	24
Non-social housing activities:								
Outright Sales	519	(456)	-	63	143	(141)	-	2
Other	453	(146)	(61)	246	312	-	(246)	66
<b>TOTAL</b>	<b>27,507</b>	<b>(3,462)</b>	<b>(16,349)</b>	<b>7,696</b>	<b>31,464</b>	<b>(7,119)</b>	<b>(15,143)</b>	<b>9,202</b>

Association	Year ended 31 March 2009				Year ended 31 March 2008			
	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	22,375	(71)	(15,513)	6,791	20,752	-	(14,124)	6,628
Other social housing activities:								
Shared Ownership 1 <sup>st</sup> tranche sales	3,800	(2,778)	-	1,022	9,163	(6,530)	-	2,633
Shared Equity sales	-	-	-	-	761	(448)	-	313
Supporting People contracts	200	-	(133)	67	162	-	(155)	7
Leaseholder services	110	-	(131)	(21)	101	-	(100)	1
Development administration	-	-	(465)	(465)	-	-	(472)	(472)
Other	50	(11)	(46)	(7)	70	-	(46)	24
Gift Aid donation	-	-	(3,316)	(3,316)	-	-	-	-
Non-social housing activities:								
Outright Sales	519	(456)	-	63	143	(141)	-	2
Other	453	(146)	(61)	246	312	-	(246)	66
<b>TOTAL</b>	<b>27,507</b>	<b>(3,462)</b>	<b>(19,665)</b>	<b>4,380</b>	<b>31,464</b>	<b>(7,119)</b>	<b>(15,143)</b>	<b>9,202</b>

## Soha Housing Limited

### Notes on the Financial Statements – 31 March 2009 (continued)

#### 5 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	2009 Total £'000	2008 Total £'000
<b>Turnover from social housing lettings</b>							
Rent receivable net of service charges and void losses*	17,702	2,698	141	428	60	21,029	19,288
Service charges receivable	158	528	1	37	-	724	635
Charges for care and support services	-	225	-	-	-	225	408
Garage rents and other income	53	-	-	9	325	387	357
<b>Net rent and service charges receivable</b>	<b>17,913</b>	<b>3,451</b>	<b>142</b>	<b>474</b>	<b>385</b>	<b>22,365</b>	<b>20,688</b>
Revenue grants	10	-	-	-	-	10	64
<b>Total turnover from social housing lettings</b>	<b>17,923</b>	<b>3,451</b>	<b>142</b>	<b>474</b>	<b>385</b>	<b>22,375</b>	<b>20,752</b>
<b>Expenditure on social housing lettings</b>							
Management	2,403	307	53	240	109	3,112	2,843
Services	466	805	-	-	60	1,331	961
Care and support costs	29	217	-	-	-	246	532
Routine maintenance	3,797	352	1	-	24	4,174	3,965
Planned maintenance	2,408	902	51	-	-	3,361	3,261
Major repairs expenditure	1,656	171	-	-	-	1,827	1,086
Bad debts	136	14	-	-	-	150	97
Depreciation of housing properties	960	186	26	69	-	1,241	1,211
Other costs	46	28	-	19	49	142	168
<b>Total expenditure on social housing lettings</b>	<b>11,901</b>	<b>2,982</b>	<b>131</b>	<b>328</b>	<b>242</b>	<b>15,584</b>	<b>14,124</b>
<b>Operating Surplus on social housing lettings</b>	<b>6,022</b>	<b>469</b>	<b>11</b>	<b>146</b>	<b>143</b>	<b>6,791</b>	<b>6,628</b>
<u>Notes:</u>							
*Rent losses from voids including garages	116	193	33	-	126	468	409
** including housing for older people							

**6 Surplus on Sale of Properties and Land**

Group and Association	2009 £'000	2008 £'000
Proceeds net of amount due to South Oxfordshire District Council	1,802	1,279
Less: Disposals at valuation	(702)	(566)
Costs of sale	(86)	(83)
Net surplus on Starter Home Initiative loans redeemed	4	19
Transfer to Disposal Proceeds Fund	-	(510)
<b>Surplus for the year based on valuation</b>	<b>1,018</b>	<b>139</b>
Revaluation surplus realised on disposals	46	341
<b>Surplus for the year based on historic cost</b>	<b>1,064</b>	<b>480</b>

**7 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).

	2009 £'000	2008 £'000
<b>Aggregate emoluments payable to directors (including pension contributions and benefits in kind):</b>		
Amounts payable to executive staff (see note below)	438	424
Amounts payable to non-executive Board members	39	39
	<b>477</b>	<b>463</b>
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	119	111

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.

	2009 £'000	2008 £'000
Expenses reimbursed to Board members	7	7

**8 Employee Information**

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

	2009		2008	
	Number	Full-time Equivalent	Number	Full-time Equivalent
Office staff	84	77	80	74
Scheme Managers	13	13	16	16
	97	90	96	90

The full-time equivalent is based on a 37 hour week. Based on a 35 hour week, the average number of people is 94 (2008: 94).

	2009	2008
	£'000	£'000
<b>Staff costs (for all of the above staff and Board Members)</b>		
Wages and salaries	2,639	2,516
Social security costs	235	225
Pension costs (see note 26)	260	261
	3,134	3,002

**9 Surplus on Ordinary Activities Before Tax**

<b>Group and Association</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
The surplus on ordinary activities before tax is stated after charging:		
Depreciation		
- housing properties	1,257	1,212
- other fixed assets	135	234
Operating lease rentals		
- land and buildings	45	110
- other	36	40
External auditors' remuneration (including VAT)		
- in their capacity as auditors	27	26
- prior year under provision	7	-
- other services	9	4

**10 Interest Receivable**

<b>Group and Association</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
From bank and money market deposits	35	34

**11 Interest Payable**

<b>Group and Association</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Payable to Dexia Public Finance Bank:		
On housing loans repayable in more than five years	6,371	6,532
On housing loans repayable in less than five years	-	-
	6,371	6,532
Payable to South Oxfordshire District Council	1	21
Allocated to RCGF and DPF	30	42
Sundry Interest	-	-
	6,402	6,595

**12 Taxation on Surplus on Ordinary Activities**

The Association made deficits from the year of inception until 31 March 2005. This meant that the Association created a potential deferred tax asset over the period to 31 March 2005 arising from unrelieved tax losses and other timing differences.

Since 1 April 2005, the Association has made surpluses (excluding the year ended 31 March 2009), but the potential deferred tax asset was not accounted for on the basis that the Association intended to convert to charitable rules in the short term and was not in a position to confirm that it would produce taxable profits consistently.

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 2009, the tax assessed for the Association is higher than the standard rate of Corporation Tax in the UK based on the deficit on ordinary activities before tax.

The differences are explained below:

	<b>Group</b>	<b>Association</b>	<b>Group &amp; Association</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) on ordinary activities before tax	2,347	(969)	2,780
Surplus/(deficit) on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 30%)	657	(271)	834
Effects of:			
Expenses not deductible for tax purposes	21	21	15
Property depreciation not deductible for tax purposes	352	352	363
Capital allowances (in excess of)/lower than depreciation	(4)	(4)	35
Revaluation surplus in excess of CGT indexation	47	47	29
Transfer to Disposal Proceeds Fund and interest thereon not deductible for tax purposes	8	8	106
Rollover relief on profit on disposal of property	(1)	(1)	(245)
Timing differences on costs of properties for sale	6	6	-
Tax losses to be utilised (see above)	(158)	(158)	(1,197)
Charitable income not subject to tax	(928)	-	-
Net tax charge for the year	-	-	-

**Soha Housing Limited**
**Notes on the Financial Statements - 31 March 2009 (continued)**
**13 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
<b>Cost or Valuation before Grant</b>								
At 1 April 2008	216,866	3,802	9,452	2,124	7,046	429	4,470	244,189
Additions: New Properties	1,405	12,528	(61)	2,202	594	1,566	-	18,234
Additions: Existing Properties	182	-	-	-	26	-	-	208
Disposals	(50)	-	(45)	-	(388)	-	-	(483)
Transferred into management	4,152	(3,858)	1,918	(2,212)	1,995	(1,995)	-	
Net movement on revaluation	62,053	-	750	-	-	-	252	63,055
<b>At 31 March 2009</b>	<b>284,608</b>	<b>12,472</b>	<b>12,014</b>	<b>2,114</b>	<b>9,273</b>	<b>-</b>	<b>4,722</b>	<b>325,203</b>
<b>Social Housing Grant</b>								
At 1 April 2008	(21,957)	(1,195)	(1,414)	(50)	(491)	(60)	(2,897)	(28,064)
Received in year	-	(6,589)	-	(145)	-	(60)	-	(6,794)
Transferred into management	(2,107)	2,107	(135)	135	(120)	120	-	-
At 31 March 2009	(24,064)	(5,677)	(1,549)	(60)	(611)	-	(2,897)	(34,858)
<b>Cost or Valuation at 31 March 2009</b>	<b>260,544</b>	<b>6,795</b>	<b>10,465</b>	<b>2,054</b>	<b>8,662</b>	<b>-</b>	<b>1,825</b>	<b>290,345</b>

**Soha Housing Limited****Notes on the Financial Statements - 31 March 2009 (continued)****13 Tangible Fixed Assets – Housing properties (continued)**

	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
<b>Depreciation</b>								
At 1 April 2008	2,147	-	107	-	113	-	134	2,501
Disposals	(1)	-	(1)	-	(12)	-	-	(14)
Charge for year	1,115	-	69	-	41	-	32	1,257
Eliminated on revaluation	(3,258)	-	(169)	-	-	-	(136)	(3,563)
At 31 March 2009	3	-	6	-	142	-	30	181
<b>Net Book Value</b>								
At 31 March 2009	260,541	6,795	10,459	2,054	8,520	-	1,795	290,164
At 31 March 2008	192,762	2,607	7,931	2,074	6,442	369	1,439	213,624
<b>Comparable amounts determined according to the historical cost convention:</b>								
Historic cost	122,325	12,472	11,137	2,114	9,273	-	3,947	161,268
Less: Social Housing Grant	(24,065)	(5,677)	(1,549)	(60)	(611)	-	(2,897)	(34,859)
Net Historic cost	98,260	6,795	9,588	2,054	8,662	-	1,050	126,409
Cumulative revaluation uplift	162,284	-	877	-	-	-	775	163,936
	260,544	6,795	10,465	2,054	8,662	-	1,825	290,345

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

**Soha Housing Limited****Notes on the Financial Statements - 31 March 2009 (continued)**

<b>Analysis of leasehold units</b>	<b>Short leasehold</b>	<b>Long leasehold</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cost or valuation	350	4,120	<b>4,470</b>
Social Housing Grant	(212)	(2,685)	<b>(2,897)</b>
Depreciation	(31)	-	<b>(31)</b>
Net Book Value	<b>107</b>	<b>1,435</b>	<b>1,542</b>

**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:

<b>Type</b>	<b>No of Units</b>	<b>Value</b>
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 have been 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:**

	<b>2009 Number</b>	<b>2008 Number</b>
At 1 April 2008	4,971	4,837
Acquisitions and New Build (excluding properties for market sale)	104	149
Transferred into management from unsold market sale	12	-
Sales under Right to Buy/Right to Acquire legislation	(1)	(10)
Private Sector Leasing Scheme units	(14)	(3)
Demolished / Other sales	(5)	(2)
At 31 March 2009	<b>5,067</b>	<b>4,971</b>

**Leasehold:**

At 1 April 2008	226	211
Transfers into leasehold management from sales under Right to Buy/Right to Acquire legislation	-	-
Shared Equity Developments	-	13
Acquisitions & New-build	2	2
Repurchases	-	-
At 31 March 2009	<b>228</b>	<b>226</b>

**Total Units in Management**

<b>5,295</b>	<b>5,197</b>
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**13 Tangible Fixed Assets – Housing properties (continued)**

**Units in management and under construction**

	In management		Under construction	
	Number 2009	Number 2008	Number 2009	Number 2008
General needs housing	3,981	3,926	149	44
Sheltered housing	780	780	-	-
Supported housing	49	49	-	-
Keyworker housing	35	29	-	23
Shared ownership	189	161	27	90
Shared Equity	13	13	-	-
Leasehold	215	213	-	-
Private Sector Leasing Scheme	3	17	-	-
Other (non-social housing)	30	9	26	16
At 31 March 2009	5,295	5,197	202	173

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**

Group and Association	Ready for Sale	Under Construction	2009 Total	2008 Total
	£'000	£'000	£'000	£'000
Shared Ownership	937	1,207	2,144	3,482
Open Market Sales	1,120	3,213	4,333	2,955
Land Held for Resale	-	-	-	227
	2,057	4,420	6,477	6,664

12 of the units included in the Open Market Sales that were shown as Ready for Sale (cost £1,565,000) at 31 March 2008 were built with a view to sale. However due to the uncertainty in the housing market, it was decided to rent these properties at market rents in the short term until property values appreciate. Therefore they were transferred into fixed asset properties during the year ending 31 March 2009.

## Soha Housing Limited

### Notes on the Financial Statements - 31 March 2009 (continued)

#### 15 Investments

Group and Association	Starter Home Initiative Loans	Shared Equity Properties	2009 Total	2008 Total
	£'000	£'000	£'000	£'000
Cost	906	372	1,278	1,335
Less: Grants received	(906)	-	(906)	(961)
Net revaluation	-	221	221	450
	-	593	593	824

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

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 2008	1,816	1,034	623	914	35	4,422
Additions	7	0	34	33	0	74
Disposals	0	0	0	(55)	0	(55)
At 31 March 2009	1,823	1,034	657	892	35	4,441
<b>Depreciation</b>						
At 1 April 2008	8	1,005	538	816	23	2,390
Charge for year	22	14	55	39	5	135
Disposals	0	0	0	(55)	0	(55)
At 31 March 2009	30	1,019	593	800	28	2,470
<b>Net Book Value:</b>						
At 31 March 2009	1,793	15	64	92	7	1,971
At 31 March 2008	1,808	29	85	98	12	2,032

# Soha Housing Limited

## Notes on the Financial Statements - 31 March 2009 (continued)

### 17 Capital and Financial Commitments

Group and Association	Capital Commitments		Financial Commitments	
	2009	2008	2009	2008
Contracted for but not provided for in the financial statements:	£'000	£'000	£'000	£'000
Housing property	11,356	3,479	1,688	971
Other capital expenditure	-	-	-	-
	11,356	3,479	1,688	971
<b>Committed but not contracted for:</b>				
Housing property	4,719	8,571	1,942	7,513
Other capital expenditure	505	540	-	-
	5,224	9,111	1,942	7,513

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

### 18 Debtors

	Group		Association	
	2009	2008	2009	2008
<i>Amounts receivable within one year:</i>	£'000	£'000	£'000	£'000
Rental debtors	803	517	803	517
Less: provision for bad debts	(203)	(132)	(203)	(132)
	600	385	600	385
Other debtors	78	495	78	495
Prepayments and accrued income	426	1,151	426	1,151
Owed by group companies	-	-	784	-
	1,104	2,031	1,888	2,031

### 19 Creditors: Amounts falling due within one year

Group and Association	2009	2008
	£'000	£'000
Trade creditors	1,816	1,826
Rents in advance	278	398
South Oxfordshire District Council	89	788
Other taxes and social security costs	113	78
Development and maintenance accruals	2,464	1,977
Deferred income and grants	294	2
Recycled Capital Grant Fund	643	592
Disposal Proceeds Fund	939	989
Other creditors and accruals	96	162
	6,732	6,812

**Soha Housing Limited****Notes on the Financial Statements – 31 March 2009 (continued)****20 Recycled Capital Grant Fund (RCGF) and Disposal Proceeds Fund (DPF)**

<b>Group and Association</b>	<b>Sale of Properties</b>	<b>SHI Loans</b>	<b>RCGF Total</b>	<b>DPF Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2008	16	576	592	989
Loans repaid in the year added to the fund	-	50	50	-
Grant recycled into new schemes	-	-	-	(80)
Interest added to the fund	1	-	1	30
At 31 March 2009	17	626	643	939

**21 Creditors: Amounts falling due after more than one year**

<b>Group and Association</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Housing loans from Dexia Public Finance Bank plc repayable in five years or more	129,500	114,250
Loan redemption costs	543	585
	130,043	114,835

Amounts due to Dexia are secured by a charge over 3,805 of Soha's properties. Interest is payable at fixed rates on loans (for periods ending in 1 to 25 years) totalling £40.0m (2008: £69.75m), at cancellable fixed rates (for periods ending in 30 years) totalling £50.0m (2008: £10.0m) and at variable rates on loans totalling £39.5m (2008: £34.5m).

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**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each issued and fully paid:</b>		
At beginning of year	21	21
Issued during year	1	-
Cancelled during year	(2)	-
At the end of the year	20	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**

<b>Group</b>	<b>Revenue Reserve £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Restricted Reserve £'000</b>	<b>Total Reserves £'000</b>
At 1 April 2008	(301)	104,621	-	104,320
Surplus for the year	2,347	-	-	2,347
Transfer of surplus relating to sale of land	(929)	-	929	-
Transfer of realised revaluation surplus	34	(34)	-	-
Transfer of depreciation on revalued amount to revaluation reserve	579	(579)	-	-
Revaluation of shared equity properties and investment loans	-	(221)	-	(221)
Reversal of prior revaluation surpluses on equity loans repaid	12	(12)	-	-
Revaluation of properties	-	66,618	-	66,618
At 31 March 2009	1,742	170,393	929	173,064

**Association**

At 1 April 2008	(301)	104,621	-	104,320
Deficit for the year	(969)	-	-	(969)
Transfer of surplus relating to sale of land	(929)	-	929	-
Transfer of realised revaluation surplus	34	(34)	-	-
Transfer of depreciation on revalued amount to revaluation reserve	579	(579)	-	-
Revaluation of shared equity properties and investment loans	-	(221)	-	(221)
Reversal of prior revaluation surpluses on equity loans repaid	12	(12)	-	-
Revaluation of properties	-	66,618	-	66,618
At 31 March 2009	(1,574)	170,393	929	169,748

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. If it is not used within 3 years, a liability to SODC arises (see contingent liability note 27 part 4).

**24 Operating Lease Commitments**

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

	<b>2009</b>		<b>2008</b>	
	<b>Land and Buildings £'000</b>	<b>Other £'000</b>	<b>Land and Buildings £'000</b>	<b>Other £'000</b>
Operating leases which expire:				
Within one year	38	18	17	8
In two to five years	-	19	28	32
	38	37	45	40

25 Notes to the Cash Flow Statement

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>a) Reconciliation of operating surplus to net cash inflow from operating activities</b>				
Operating surplus	7,696	9,202	4,380	9,202
Depreciation	1,392	1,446	1,392	1,446
Decrease/(increase) in land and properties held for resale	187	(330)	187	(330)
Decrease/(increase) in debtors	955	(333)	171	(333)
Decrease/(Increase) in creditors	(108)	1,724	(108)	1,724
Net cash inflow from operating activities	10,122	11,709	6,022	11,709
<b>b) Reconciliation of operating surplus to net cash inflow from operating activities</b>				
Increase in cash in the year	8,738	606	4,638	606
Cash inflow from increase in debt	(15,250)	(8,500)	(15,250)	(8,500)
Increase in net debt	(6,512)	(7,894)	(10,612)	(7,894)
<b>c) Analysis of changes in net debt</b>				
	<b>At</b>	<b>Cashflow</b>	<b>At</b>	
	<b>1 April 2008</b>	<b>£'000</b>	<b>31 March 2009</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Year ended 31 March 2009</b>				
<b>Group</b>				
Cash at bank and in hand	792	8,738	9,530	
Debt due after one year	(114,250)	(15,250)	(129,500)	
	(113,458)	(6,512)	(119,970)	
<b>Association</b>				
Cash at bank and in hand	792	4,638	5,430	
Debt due after one year	(114,250)	(15,250)	(129,500)	
	(113,458)	(10,612)	(124,070)	
<b>Year ended 31 March 2008</b>				
<b>Group and Association</b>				
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)	

**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 1/60<sup>th</sup> accrual rate, until 31 March 2007. From April 2007, the Scheme allows a choice of 3 benefit structures:

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

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 that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

**26 Pension Costs (continued)**

	Long-term joint contribution rate (% of pensionable salaries)
Benefit structure	
Final salary with a 1/60 <sup>th</sup> accrual rate	17.8
Final salary with a 1/70 <sup>th</sup> accrual rate	15.4
Career average revalued earnings with a 1/60 <sup>th</sup> accrual rate	14.9

Pension contributions made by the Association in the year totalled £260,242 (2008: £261,127), covering an average of 55 employees (2008: 57). The contribution rate of the Association for the year ended 31 March 2009 was 14.7 % (2008: 14.7%) 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 no employees were active at 31 March 2009, 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 30 September 2008 was £10.12 million (£5.32 million as at 31 March 2007). A similar potential debt exists in relation to the Pensions Trust Growth Plan, which is estimated to be £27,500 as at 30 September 2008 (£12,627 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.
4. Under the terms of an agreement to release a covenant on land sold by Soha, 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 £464,657 as at 31 March 2009.

## **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.

On 17 March 2009, Soha Neighbourhood Services Limited was registered with the Financial Services Authority as a charitable Industrial & Provident Society, 100% owned by Soha Housing Limited. Soha Neighbourhood Services Limited will produce its first accounts for the period to 31 March 2010, but its results to 31 March 2009 have been consolidated into the Group results in these financial statements. Its net assets at 31 March 2009 were £3.3 million. The Association has taken advantage of the exemption for disclosure of related party transactions with its wholly owned subsidiary company.

## **29 Post Balance Sheet Events**

On 13 July 2009, Soha converted to charitable rules and became a charitable Industrial and Provident Society. From this date Soha will operate under the requirements of the new rules.

On 2 June 2009, Soha in Business Limited was registered with Companies House as a company limited by shares. 100% of the share capital of the company will be held by Soha.

We have audited the Group and Association financial statements (the "financial statements") of Soha Housing Limited for the year ended 31 March 2009 which comprise the Income and Expenditure Accounts, the Balance Sheets and Statements of Total Recognised Surplus for the Group and Association, the Cash Flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

***Respective responsibilities of the Board and auditors***

The Board's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the Board.

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 have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial & Provident Societies (Group Accounts) Regulations 1969, 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 Group has not kept proper accounting records, a satisfactory system of control over transactions has not been maintained, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Report of the Board, and consider whether it is consistent with the audited financial statements. This other information comprises only the operating and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 statutes 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 we 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 judgments made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 Group and Association financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Association's affairs as at 31 March 2009 and of their results for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial & Provident Societies (Group Accounts) Regulations 1969, 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 2009

## **Soha Housing Limited**

**Executive and main advisors as at 31 March 2009**

### **BOARD**

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

### **SECRETARY**

Richard Peacock (Chief Executive)

### **EXECUTIVE OFFICERS**

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

### **REGISTERED OFFICE**

Royal Scot House  
99 Station Road  
Didcot  
Oxfordshire OX11 7NN

### **BANKERS**

National Westminster Bank plc  
Willow Court  
Minns Business Park  
7 West Way  
Oxford  
OX2 0BJ

### **FUNDERS**

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

### **EXTERNAL AUDITORS**

BDO Stoy Hayward LLP  
Emerald House  
East Street  
Epsom  
Surrey  
KT17 1HS

### **PRINCIPAL SOLICITORS**

Devonshires	Anthony Collins	Coffin Mew & Clover
Salisbury House	134 Edmund Street	Kings Park House
London Wall	Birmingham	22 Kings Park Road
London	B3 2ES	Southampton
EC2M 5QY		Hants
		SO15 2UF

Registered under the Industrial and Provident Societies Acts No. **28410R**

Registered with the Tenant Services Authority (TSA) No. **L 4130**