

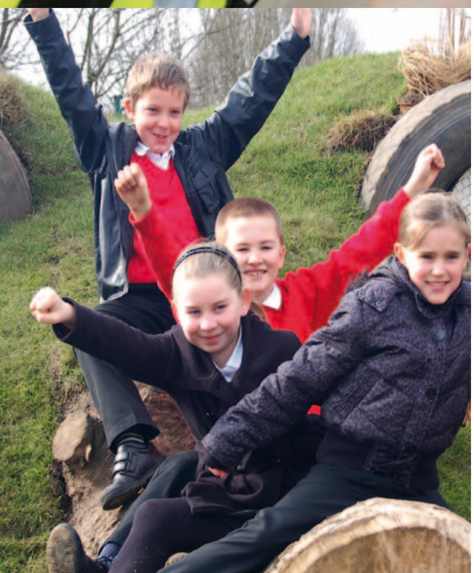


Aspire group

Aspire Housing Limited Annual Report and Financial Statements

Year Ended 31st March 2011

Financial Services Authority Registration Number 31218R
Tenant Services Authority Registration Number L4238

CONTENTS

BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

BOARD

Chair	Philippa Holland (appointed 18th July 2011)
Executive director	Julia Coulton (appointed 23rd May 2011, resigned 7th July 2011) Sinéad Butters (resigned 1st April 2011)
Other non-executive directors	Sandra Bowyer (appointed 19th October 2010, resigned 23rd May 2011) Howard Campbell (appointed 19th October 2010) Richard Clark OBE (resigned 19th October 2010) John Cooper (appointed 18th July 2011) Andrew Cooley (resigned 19th October 2010) Paul Davies Christopher Enness Tim Harris Bert Lawton (appointed 18th July 2011) Stephen Meakin MBE Marion Reddish Elizabeth Shenton (appointed 18th July 2011) Philip Sunderland Brian Tomkins (resigned 18th July 2011) Joan Winfield (resigned 8th June 2011)
Company Secretary	Paul Medford

EXECUTIVE TEAM

Chief Executive	Sinéad Butters
Director of Resources/Deputy Chief Executive	John Lindsay
Director of Operations	Julia Coulton (from 23rd May 2011, until 7th July 2011) Tim Edwards (until 31st March 2011)
Director of Regeneration	Will Nixon

Registered office:	Kingsley The Brampton Newcastle-under-Lyme Staffordshire ST5 0QW

ADVISORS

Auditors:	Grant Thornton UK LLP Chartered Accountants & Registered Auditors 4 Hardman Square Spinningfields Manchester M3 3EB
Principal Solicitors:	Cobbetts LLP 1 Colmore Square Birmingham B4 6AJ

BANKERS

Principal Bankers:	Barclays Bank Plc PO Box 3333 15 Colmore Row Birmingham B3 2WN

Report of the board

The board presents its report together with the audited financial statements of Aspire Housing Limited ("the Association" and "the Group") for the year ended 31 March 2011.

At 31 March 2011, the Association is registered with the Tenant Services Authority as a social landlord. Since incorporation, and until 1 April 2011, Aspire Housing Limited was registered under the Companies Act as a company limited by guarantee. On this date it converted to a registration under the Industrial and Provident Societies Act 1965.

The Group comprises the Association and its subsidiary undertakings, Project Management Staffordshire Limited ("PM Training") and The Realise Foundation ("Realise").

Principal activities

Aspire Housing's principal activities are the development and management of social housing, sheltered schemes for the elderly and the provision of community alarm services in North Staffordshire and South Cheshire.

PM Training, is a social enterprise operating across both private and public sectors within North Staffordshire providing high quality training and employment opportunities.

The Realise Foundation is a charitable Industrial and Provident Society carrying out regeneration activities primarily in North Staffordshire.

Business review

Details of the Group's performance for the year and future plans are set out in the operating and financial review that follows this report of the board.

Housing property assets

Details of changes to the Group's fixed assets are shown in notes 12 and 13 to the financial statements. Housing property values are considered in the operating and financial review.

Post balance sheet events

Since the year end, a restructure of the Group has been undertaken, and a new parent company, Aspire Group (Staffordshire) Limited, has been formed, which has become the ultimate parent undertaking of Aspire Housing, PM Training, and Realise. Aspire Housing has also now converted to a charitable Industrial and Provident Society.

A new company, 'Enterprising Futures Limited', has been established as a subsidiary of Aspire Group (Staffordshire) Limited, and in April, Indigo Solutions Limited, a training company which operates from offices in Stafford and Leek, was acquired.

Going Concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the operating and financial review. The Group has in place long-term debt facilities of £140.5 million (including £33.1million of undrawn facilities at 31 March 2011), which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

Payment of creditors

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Charitable donations

During 2010-11, PM Training made total gift aid donations of £235,000 to The Realise Foundation.

Financial instruments

The Group's approach to financial risk management is outlined in the operating and financial review.

Governance

Aspire Housing has adopted the NHF code of governance, 'Excellence in Governance' and we believe that the Group complies with the principal recommendations of this code.

Board Members and Executive Directors

The board members and executive directors of the Association who served during the year and up to the date of approval of these financial statements are set out on page 1.

The Aspire Group (Staffordshire) Limited board is comprised of between 7 and 9 directors, including the group chief executive. The chairs of Aspire Housing and PM Training also sit on the group board. There is one customer board member and one board member is nominated by Newcastle Borough Council.

The group board meets at least 5 times per annum.

Aspire Housing's board comprises 12 directors, including 5 independent, 3 local authority and 3 customer non-executive directors. The director of operations is an executive director of the board. Richard Clark OBE resigned as chair and from the board at the Annual General Meeting in October, and Brian Tomkins was appointed as chair. Brian has subsequently become chair of Aspire Group (Staffordshire) Limited, the newly constituted parent company, and a new chair of Aspire Housing, Philippa Holland, was appointed on 18th July. The vice chair position is currently vacant. Up to 3 further members can be co-opted to the board.

The board normally meets at least 5 times per annum.

Local authority non-executive directors are appointed to the board by Newcastle Borough Council. Customers are nominated for board membership by a process including customers. Independent board members are recruited primarily by advertisement. All non-executive directors are required to retire after 3 years' membership although retiring directors are permitted to serve further terms on the board.

The board is responsible for directing the affairs of the Association in accordance with its rules and objectives. The board delegates the day to day management of the Association to the group chief executive and other executive directors. Further delegations for overseeing the operations of the Association are made to sub-committees of the board.

The chair and vice chair are remunerated positions. Further detail is provided in note 10 of the financial statements.

PM Training has a board which meets at least quarterly, comprising 4 non-executive directors and 1 executive director. The chair of PM Training is a remunerated position.

The Realise Foundation has a board comprising 3 non-executive directors and 2 executive directors. There are no remunerated positions on the board of The Realise Foundation.

Committees

The Group Audit and Risk Committee meets at least 4 times per annum. The prime role of this committee is to monitor and assess the internal control systems of the Group, and to oversee the operation of the risk management framework.

The Remuneration Committee meets at least once a year and holds further meetings as required. The prime role of the committee is to review the performance and determine the remuneration of the chief executive and executive team.

Service contracts

The chief executive and executive directors are appointed on the same terms as other staff, with a notice period of six months.

Pensions

The chief executive and executive directors are members of either the Social Housing Pension Scheme or the Staffordshire County Council Pension Fund, both defined benefit (final salary) pension schemes. They participate in the schemes on the same terms as all other eligible staff and the Association contributes to the schemes on behalf of its employees.

Other benefits

The chief executive and executive directors are entitled to other benefits including a car allowance and health care insurance. Full details of their individual remuneration packages are included in note 10 to the audited financial statements.

Colleague involvement

The Group is committed to ensuring that an effective framework for colleague consultation is in place, and that information on matters that concern them are effectively communicated to all colleagues. An annual colleague survey is carried out which provides benchmarking information and trend analysis. The results are fed back to all colleagues and action plans developed to address any areas for improvement identified through the survey. Regular colleague briefings are held, and a monthly colleague bulletin is produced. Regular meetings are held with the recognised trade unions and the organisation seeks to work positively with trade unions.

Employment of disabled persons

The Group is committed to equal opportunities and full and fair consideration is given to applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities. Aspire Housing has been awarded the Positive About Disability symbol having successfully demonstrated its commitment to employing people with disabilities, and has also been awarded Investors in Diversity accreditation.

Health and safety

The board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters. A Health and Safety Committee, chaired by the Director of Resources, meets regularly.

Board statement on internal control

The board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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 Group's assets and interests.

In meeting its responsibilities the board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with Turnbull principles.

The board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group, which has been in place throughout the financial year and to the date of the approval of the report and financial statements.

The process adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- **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 Group's activities. The executive team is responsible for monitoring corporate risk management, and regularly reviews the strategic risk map, other corporate maps such as health and safety, project risk maps and directorate maps.

- **Monitoring and corrective action**

  A process of control self assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the board. The risk management framework, through reporting of risk crystallisations, facilitates the reporting of internal control failures and ensures that corrective action is taken.

- **Control environment and control procedures**

  The board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. These are regularly reviewed and revised as appropriate.

  - **Strategy and policy with regard to fraud**

  The board has an anti-fraud policy statement and response plan. Fraud awareness training is provided at various levels within the organisation according to particular need and colleagues in the People and Performance Department have received training in fraud investigation techniques. The board has reviewed the fraud register and has reflected any relevant information in its review of internal control systems.

  - **Information and financial reporting systems**

  Financial reporting procedures 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.

  - **Independent review**

  The internal control framework and the risk management process are subject to regular review by the independent internal auditor, KPMG. This provides independent assurance to the board via the Group Audit and Risk Committee. The Group Audit and Risk Committee considers internal control at each of its meetings during the year. The board and Group Audit and Risk Committee receive regular reports on risk management.

The board has received the chief executive's annual report and has conducted its annual review of the effectiveness of the system of internal control using the sources of evidence referred to above. No significant internal control issues arose during the period under review and the board is satisfied that there are sound systems in place which would identify any material weaknesses and ensure that appropriate responsive action would be taken.

Statement of responsibilities of the board for the financial statements

The board is responsible for preparing the financial statements in accordance with applicable law and regulations.

Industrial and Provident Societies Acts and registered social landlord legislation requires the board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Industrial and Provident Society legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by registered social landlords" (2008), have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with Industrial and Provident Societies Act 1965 to 2002, the Housing Act 1996 (to 31 March 2010), The Housing and Regeneration Act 2008 (from 1 April 2010), and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the Report of the board is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (Update 2008).

The board is responsible for the maintenance and integrity of the corporate and financial information on the Group's website.

Disclosure of information to auditors

At the date of making this report each of the Association's board members, as set out on page 1, confirm the following:

- so far as each board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware, and
- each board member has taken all the steps that he/she ought to have taken as a board member in order to make him/herself aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

Annual general meeting

The annual general meeting will be held on 26 September 2011.

External auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors of the Group will be proposed at the Annual General Meeting.

The Report of the board was approved by the board on 18 July 2011 and signed on its behalf by:

P. A. Holland

Philippa Holland
Chair

Operating and financial review

Activities

As at 31 March 2011 Aspire Housing Limited was a housing Association registered with the Tenant Services Authority. Its principal activity is the development, management and maintenance of social housing in and around the Newcastle-under-Lyme area. At the year end, the Association had 8,443 properties in management. In addition the Association provides a 24 hour alarm service both for its own tenants and for other customers. The Association also owns and manages a number of shops and garages.

During the year, Aspire Housing successfully won the contract to provide management services to Stoke on Trent Housing Society, a Registered Provider which owns approximately 500 properties in Stoke-on-Trent. The management contract commenced on 1 April 2011.

During 2010-11, the development of 72 affordable homes was completed on the Collins and Aikman site in Cross Heath adjacent to the Mill Rise extra care scheme at Lymebrook Way that was completed in the previous year. This comprises 40 homes for rent and 32 shared ownership homes developed in partnership with Newcastle-under-Lyme Borough Council. The first phase of our development at Ingestre Square, Blurton, Stoke-on-Trent was also completed. This development comprises 10 homes for rent and 9 shared ownership homes, along with commercial units and a community hub developed in partnership with Stoke-on-Trent City Council. A further 19 properties were also acquired as part of the Mortgage Rescue Scheme.

In February 2011, Aspire Housing secured an additional £28m loan facility with its lenders, Barclays and Lloyds banks. This will provide funding for its future development programme, and brings its total facilities to £140.5m.

Project Management (Staffordshire) Limited, trading as PM Training, is a social enterprise focused on tackling worklessness among young people and offers more than 800 training and employment opportunities every year. Learning and Skills Council statistics indicate that PM Training has been the most successful training provider in Staffordshire. Through its Homeworks division, PM Training provides a range of services including gardening, environmental improvements and estate caretaking, to people in North Staffordshire.

In January 2011, PM Training received an OFSTED inspection, and achieved its best ever results, with over 90% of the areas inspected being graded as either 'outstanding' or 'good'.

2010-11 was the first full year of operation for our charitable subsidiary, The Realise Foundation. The Realise Foundation supports regeneration activities in North Staffordshire and, during the year, achieved the following within its three key areas of activity:

- **lifelong learning**: a total of 28 bursaries have been awarded to local students, pre-tenancy training has been provided to 95 people under the age of 25, and the charity has invested in IT equipment for the provision of basic IT training at a range of locations;

- **employability – apprenticeship programme**: Realise has funded basic tool kits for 83 apprentices to begin their placements, and has provided grants to companies that have enabled 36 apprentices to commence placements. Realise has also provided funding to extend the placements of 3 apprentices whose placement would otherwise have ended;

- **environmental projects**: 13 environmental initiatives were completed including a sensory garden, memorial garden, public artworks and an outdoor classroom.

External Influences

Following the election in May 2010, the coalition government set out its plans for reducing the budget deficit in its emergency budget in June and the subsequent Comprehensive Spending Review in October. As expected these measures will present significant challenges for the Group and its customers.

The changes announced with regards to housing benefit will reduce the benefit entitlement for many of our customers depending on their particular circumstances, and this is likely to create additional upward pressure on rent arrears. We have recognised that there will be an increased need to provide welfare benefit and debt advice as well as a sharp focus on arrears management.

Aspire Housing commenced its rent restructuring programme in April 2005 following the expiry of the five year maximum rent increase cap that was part of the transfer promises made to customers. The implementation of the rent restructuring strategy places upward pressure on rent levels. However, a significant proportion of Aspire Housing's rent will not have converged with the target rent by the government's deadline of 2012, as the restriction on the maximum annual rent increase prevents this. The September 2010 RPI, on which the 2011 rent increase was based, was 4.6% which meant that the average rent increase for Aspire customers was over 7%. There has been sustained high inflation since then and it is now expected that RPI will not start to fall until the end of 2011.

Government funding for the Affordable Homes Programme (AHP) has been by cut by over 60% for the 2011-14 period, and housing associations will be expected to generate funds for the development of new social housing from the introduction of affordable rents both on new homes developed and from the conversion of a proportion of existing properties from target to affordable rent. As part of Aspire's bid to the Homes and Communities Agency for AHP funding, we have set out plans to convert around 40% of re-let properties to affordable rents.

A significant proportion of Aspire Housing's stock fell within the North Staffordshire housing market renewal pathfinder (HMRP), and Knutton and Cross Heath was designated as an 'Area of Major Intervention' (AMI). Aspire Housing played a lead role in the development of the intervention plans for this area and there has been significant inward investment into the AMI area. However, the HMRPs have now been terminated and, although the government has ring fenced a relatively small amount of funding for the completion of HMRP projects, future funding of the regeneration of these areas will need to come from other sources.

In 2010, there was a significant increase from £6.4m to £18.9m in the deficit attributable to Aspire Housing on the Staffordshire County Council pension scheme, which arose primarily as a result of a reduction in the discount rates used by the pension actuaries for scheme valuations and of increasing life expectancy assumptions. The triennial valuation of the scheme led to a significant increase in the required employer contributions from

Aspire Housing to the scheme in order to pay for the past deficits on the scheme. However during 2010, it was announced that, in future, pension increases would be linked to CPI rather than RPI and, as a result of this and other factors, there has been a large reduction in the deficit attributable to Aspire Housing as at 31 March 2011 from £18.9m to £8.3m.

Objectives and Strategy

Aspire Housing's vision is "*Creating prosperous communities, enhancing life chances, maximising opportunity*".

We have developed four related priorities that direct our approaches to the delivery of our vision comprising:

- **Excellent Services**
- **Neighbourhood impact**
- **Social impact**
- **Maximising impact**

Collectively these priorities will direct our approach to the development of sustainable communities and the members of the Group will align their priorities, resources and services to support the delivery of these themes.

Excellent services

Excellence in service provision is a fundamental principle; we want to be regarded as the provider of choice in each or our designated sectors. We will strive through continuous improvement to be the best provider in each business sector that we operate. We will work closely with our customers to ensure our services are accountable and reflect their priorities.

Underpinning all our services will be an ambition to deliver person centred models of service, which respond in a comprehensive and scalable manner to the various needs of the individual and enhance their experience and opportunities.

We will ensure that our services are efficient, effective and responsive to meet the changing needs of our regulators, commissioners, partners and customers and provide best value in terms of service outcomes.

One of our core values is to go further by delivering great value and the objective of our value for money strategy is to achieve this in all of our activities by ensuring the optimum balance between the cost and quality in the delivery of services to our customers.

Neighbourhood impact

We will support the place making agenda through comprehensive approaches to investing in priority neighbourhoods. Our neighbourhood sustainability model and evidential base assists the prioritisation of our investment in regeneration activities. We will with customers, partners and other key stakeholders establish comprehensive neighbourhood plans that will direct investment in physical, social and environmental priorities.

Through neighbourhood planning we will ensure that we understand and effectively deploy our resources to improve and maintain the physical and social infrastructure within our communities. Good quality environments encourage health, reduces crime and ASB and increases the popularity of neighbourhoods and their long-term resilience.

We will work with communities and partners to build capacity through neighbourhood management approaches and align service provision to the needs of local communities. We will work closely with partners and communities to promote social cohesion.

We recognise the importance of the effective utilisation, management and maintenance of our extensive physical assets which comprise housing, green space, commercial facilities and corporate buildings. Our Asset Management Strategy directs the effective deployment of our assets to ensure that they continue to meet the needs of our communities and their development contributes to the regeneration of our neighbourhoods.

We will complement our existing assets through new development which will establish new housing and physical resources to meet identified needs and anchor regeneration within neighbourhoods.

Social impact

We are committed to supporting individuals and communities social needs and addressing the underlying issues of multiple disadvantages.

We will adopt prevention based approaches to anticipate and address at the earliest opportunity potential issues and risks. This will be based on a better understanding of the socio-economic profile of our customers and developing service responses to support and maintain independence. Therefore we will continue to invest in and develop our independent living models of service delivery.

We acknowledge the pivotal impact of employment and skills in addressing disadvantage. We are uniquely placed to address this challenge through extending the highly successful model of PM Training and will utilise this business model to increase our capacity to support access to employment and skills opportunities. Further we will mainstream our approach to supporting this agenda through our Employment and Skills Strategy across the Group so that every customer has the opportunity to access appropriate support as required.

We will work across the Group to address financial exclusion though effective support and access to appropriate financial services.

Maximising impact

We are committed to ethical values and as a social business, believe we can extend our role in supporting sustainable development and investing more back into our communities. We intend, through the establishment of our new group structure to invite like minded businesses to join our Group to extend our capacity to deliver more for customers and increase our impact in delivering our vision.

We will continue to invest extending our service offer to reflect priority issues, and seek to maximise social impact based on the highly effective Homeworks social enterprise model of delivery.

We will seek new and innovate ways to deliver new affordable homes working closely with our partners and funders to secure quality accommodation, that meets identified needs

We have committed the Group to the principles of social enterprise in recognition of the added value that effective governance and business acumen aligned with clear social values can deliver for local communities.

We have established our charity The Realise Foundation as an effective means to address social regeneration priorities investing back into communities to address multiple disadvantage through wide ranging funding and support.

We will grow the Group sustainably, as a significant local employer and ensure through our recruitment activities and procurement that we maximise the opportunities to address social inclusion and investment within our local communities.

Performance in the period

The Association sets operational targets for a range of key performance indicators (KPIs) and these are monitored quarterly by the Aspire Housing board. The five year performance trends for a selection of these KPIs have been included on page 16.

In our most recent triennial customer survey, 85.9% of our customers were fairly or very satisfied with the overall service and 85.1% were satisfied with the repairs service.

Financial Performance

Five year highlights of financial performance are set out on page 16.

The Group produced an operating surplus of £3.6m compared to the previous year's surplus of £4.8m. The main reason for the reduction in operating surplus was the increased expenditure on planned maintenance. The overall results were significantly better than budget and business plan, with the deficit for the year being £2.1m, compared to a deficit of £397k in 2009-10. This deficit includes charges of £600k relating to the demolition of properties in Cross Heath as part of the HMRP programme in that area.

Repairs, maintenance and improvements to our stock continued to represent the largest element of our expenditure, with total expenditure of £16m, of which £2.4m was capitalised. This compares with total expenditure in 2009-10 of £17m (£3.6m capitalised).

Risks and uncertainties

Aspire has implemented a risk management framework whereby both key strategic and operational risks are regularly reviewed. Strategic risks are identified and assessed in terms of impact and probability, and the key controls used to manage those risks are also assessed. The highest areas of risk assessed at the most recent risk review relate to the impact of pension scheme deficits on the affordability of the pensions schemes which Aspire Housing participates in, and the impact of cuts in central and local government grants. Further key risks and uncertainties are highlighted in the section on external influences on page 11.

Accounting policies

The Group's principal accounting policies are set out on pages 25 to 28 of the financial statements.

Housing properties

At 31 March 2011 the Association owned 8,443 housing properties (2010: 8,441). The properties were carried in the balance sheet at cost (after depreciation and capital grant) of £69.7 million (2009: £68.3 million). A desk top valuation of our housing stock was carried out by our valuers as at 31 March 2011, and this gave an indicative value for the Association's charged housing properties on the EUVSH basis of £184 million (2010: £173.5m).

The Association's investment in housing properties this year was funded through a mixture of social housing grant and loan finance. The Association's treasury management arrangements are considered below.

Pension costs

Aspire Housing participates in two pension schemes, the Social Housing Pension Scheme (SHPS) and the Staffordshire County Council Pension Fund (SCCPF). Both these are final salary schemes, offering good benefits for our staff. The Association has contributed to the schemes in accordance with levels, set by the actuaries, of between 16.6% and 17.7%.

The government announced on 22 June 2010 that future pension increases would be linked to RPI as opposed to CPI. The change resulted in an actuarial gain for the current year of £5.3m and Aspire have recognised this amount in the Statement of Recognised Surpluses and Deficits in accordance with the Urgent Issues Task Force (UITF) Abstract 48, as the directors consider that no constructive obligation existed prior to the announcement to link such benefit increases to RPI. As such, the resulting gain has been accounted for as a change in actuarial assumption.

PM Training offer defined contribution pension schemes to its employees.

Capital structure and treasury policy

The Association secured additional long term loan funding of £28m during 2010-11, and made additional borrowings of £2.6 million. At the year end, total borrowings amounted to £107.4 million from a total loan facility of £140.5 million. The Association borrows at both fixed and floating rates of interest. Its policy is to maintain a minimum of 60% of its borrowings at fixed rates of interest.

Cash flows

Cash inflows and outflows during the year are shown in the cash flow statement (page 24). There was a net cash outflow of £4.48m (2010 net cash inflow: £4.83m).

Future developments

Our new corporate strategy for the period from 2011-14 was published in March 2011.

Aspire Housing will continue to make significant investment in its stock and intends to improve the quality of all properties to a higher standard than the Decent Homes Standard.

At the year end, there were undrawn loan facilities of £33.1 million which will fund the stock investment programme and core business plan.

Statement of compliance

In preparing this Operating and financial review, the board has followed the principles set out in the SORP 'Accounting by Registered Social Landlords'.

Group highlights, five-year summary

Performance Indicators	**2011**	**2010**	**2009**	**2008**	**2007**
Dwellings vacant/available to let at year end	0.3%	0.4%	0.6%	0.5%	0.4%
Dwellings vacant/unavailable to let at year end	0.3%	1.0%	0.6%	0.3%	0.3%
Emergency repairs completed in target time	99.3%	99.7%	99.1%	99.4%	99.0%
Urgent repairs completed in target time	97.4%	99.3%	97.6%	99.1%	95.9%
Routine repairs completed in target time	96.5%	99.2%	99.2%	98.4%	95.1%
Average re-let times (days)	27	26	26	21	18
Rent arrears *(gross arrears as % of rent and service charges receivable)*	3.7%	3.2%	4.6%	6.7%	6.5%

Income and Expenditure account (£'000)	**2011**	**2010**	**2009**	**2008**	**2007**
Total turnover	34,383	36,979	29,195	26,505	23,335
Income from lettings	27,089	25,903	23,659	22,747	21,086
Operating surplus/(deficit)	3,643	4,833	260	(955)	587
Deficit for year from reserves	(2,039)	(397)	(5,910)	(5,842)	(3,432)
Balance Sheet (£'000)					
Housing properties, net of depreciation	87,982	81,011	74,937	67,494	61,570
SHG and other capital grants	(18,245)	(12,684)	(9,473)	(8,396)	(4,945)
Housing properties, net of depreciation and grants	69,737	68,327	65,464	59,098	56,625
Other fixed assets	8,695	9,049	9,259	7,651	7,635
Fixed assets net of grants and depreciation	78,432	77,376	74,723	66,749	64,260
Net current assets/(liabilities)	127	1,029	556	(2,447)	(3,461)
Total assets less current liabilities	78,599	78,405	75,279	64,302	60,799
Loans (due over one year)	107,810	106,141	103,097	86,541	77,268
Pensions liability	8,323	18,875	6,357	1,459	2,973
Consolidated deficit	(37,574)	(46,611)	(34,175)	(23,698)	(19,442)
	78,559	78,405	75,279	64,302	60,799

Independent Auditors' Report to the Board of Aspire Housing Limited

We have audited the financial statements of Aspire Housing Limited for the year ended 31 March 2011 which comprise the consolidated and Association income and expenditure accounts, the consolidated and Association balance sheets, the consolidated cash flow statement, the consolidated and Association statement of total recognised surpluses and deficits, the consolidated and Association reconciliation of movement in deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's Board, as a body. Our audit work has been undertaken so that we might state those matters we have been engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the Statement of responsibilities of the Board (set out on page 8), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2011 and of the Group's and Association's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the accounting policies set out therein;
- are in compliance with the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006 and the basis of accounting, set out in note 2 to these financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters, where our engagement with you requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester, England
5 August 2011

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover: continuing activities	3	**34,383**	36,979
Operating costs	3	**(30,740)**	(32,146)
Operating surplus : continuing activities	3	**3,643**	4,833
Deficit on sale of fixed assets - housing properties	6	**(637)**	(3)
Interest receivable and other income	7	**25**	28
Interest payable and similar charges	8	**(4,771)**	(4,738)
Other finance charges	9	**(332)**	(516)
Deficit on ordinary activities before taxation		**(2,072)**	(396)
Tax credit on ordinary activities		**33**	(1)
Deficit for the financial year	25	**(2,039)**	(397)

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

Philippa Holland	Philip Sunderland	Paul Medford
Chair	**Board Member**	**Company Secretary**

Independent Auditors' Report to the Board of Aspire Housing Limited

We have audited the financial statements of Aspire Housing Limited for the year ended 31 March 2011 which comprise the consolidated and Association income and expenditure accounts, the consolidated and Association balance sheets, the consolidated cash flow statement, the consolidated and Association statement of total recognised surpluses and deficits, the consolidated and Association reconciliation of movement in deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's Board, as a body. Our audit work has been undertaken so that we might state those matters we have been engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the Statement of responsibilities of the Board (set out on page 8), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2011 and of the Group's and Association's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the accounting policies set out therein;
- are in compliance with the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006 and the basis of accounting, set out in note 2 to these financial statements.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2011

	GROUP		ASSOCIATION	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Deficit for the financial year	**(2,039)**	(397)	**(2,103)**	(475)
Actuarial gain/(loss) relating to pension scheme (note 9)	**11,073**	(12,036)	**11,073**	(12,036)
Total recognised surplus/(deficit) relating to the year	**9,034**	(12,433)	**8,970**	(12,511)

RECONCILIATION OF MOVEMENTS IN THE GROUP AND ASSOCIATION'S FUNDS

For the year ended 31 March 2011

	GROUP		ASSOCIATION	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
Opening deficit	**(46,608)**	(34,175)	**(46,769)**	(34,258)
Total recognised surplus/(deficit) relating to the year	**9,034**	(12,433)	**8,970**	(12,511)
Closing deficit	**(37,574)**	(46,608)	**(37,799)**	(46,769)

CONSOLIDATED BALANCE SHEET
As at 31 March 2011

	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties	12	**87,982**	81,011
Social housing grant	12	**(15,317)**	(9,947)
Other grants	12	**(2,928)**	(2,737)
		69,737	68,327
Other tangible fixed assets	13	**7,910**	8,158
Intangible fixed assets	15	**785**	891
		78,432	77,376
Current assets			
Property developed for sale	17	**1,755**	552
Stocks	18	**463**	503
Debtors	19	**5,485**	4,119
Cash at bank and in hand		**1,561**	6,037
		9,264	11,211
Creditors: amounts falling due within one year	20	**(9,137)**	(11,079)
Net current assets		**127**	132
Total assets less current liabilities		**78,559**	77,508
Creditors: amounts falling due after more than one year	21	**107,810**	105,241
Net pension liability	9	**8,323**	18,875
		116,133	124,116
Capital and reserves			
Revenue reserve	25	**(37,574)**	(46,608)
Consolidated deficit		**(37,574)**	(46,608)
		78,559	77,508

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board at a meeting held on 18 July 2011 and signed on its behalf by:

P. N. Holland

Philippa Holland
Chair

Philip Sunderland
Board Member

Paul Medford

Paul Medford
Company Secretary

ASSOCIATION BALANCE SHEET
As at 31 March 2011

	Note	2011	2010
		£'000	£'000
Tangible fixed assets			
Housing properties	12	**87,982**	81,011
Social housing grant	12	**(15,317)**	(9,947)
Other grants	12	**(2,928)**	(2,737)
		69,737	68,327
Other tangible fixed assets	13	**7,768**	8,005
Investments in subsidiaries	14	**1,750**	1,750
		79,255	78,082
Current assets			
Property developed for sale	17	**1,755**	552
Stocks	18	**463**	503
Debtors	19	**4,551**	3,619
Cash at bank and in hand		**573**	5,074
		7,342	9,748
Creditors: amounts falling due within one year	20	**(8,266)**	(10,507)
Net current liabilities		**(924)**	(759)
Total assets less current liabilities		**78,331**	77,323
Creditors: amounts falling due after more than one year	21	**107,807**	105,217
Net pension liability	9	**8,323**	18,875
		116,130	124,092
Capital and reserves			
Revenue reserve	25	**(37,799)**	(46,769)
Association deficit		**(37,799)**	(46,769)
		78,331	77,323

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board at a meeting held on 18 July 2011 and signed on its behalf by:

Philippa Holland
Chair

Philip Sunderland
Board Member

Paul Medford
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	28	**2,966**	9,018
Returns on investments and servicing of finance			
Interest received		**25**	29
Interest paid		**(4,638)**	(4,763)
Net cash outflow from returns on investments and servicing of finance		**(4,613)**	(4,734)
Capital expenditure			
Purchase and construction of housing properties		**(9,522)**	(6,844)
Social housing grant – received		**3,472**	3,004
Other capital grants – received		**337**	405
Purchase of other fixed assets		**(398)**	(676)
Sales of housing properties		**706**	352
Sales of other fixed assets		**-**	(1)
Other capital grants repaid		**-**	(114)
Net cash outflow from capital expenditure		**(5,405)**	(3,874)
Financing			
Loans received		**2,604**	4,500
Capital element of finance lease funding		**(28)**	(78)
		2,576	4,422
(Decrease)/increase in cash	30	**(4,476)**	4,832

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

1 LEGAL STATUS

The Association is registered with the Tenant Services Authority as a social landlord. Since incorporation, and until 1 April 2011, Aspire Housing Limited was registered under the Companies Act 2006 as a company limited by guarantee. On this date it converted to a registration under the Industrial and Provident Societies Act 1965.

2 ACCOUNTING POLICIES

Basis of accounting
The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: accounting by Registered Social Landlords, update issued in January 2008 (SORP 2008), and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

The financial statements, comprising the consolidated and Association income and expenditure account, the consolidated and Association balance sheets, consolidated cash flow statement, the consolidated and Association statement of total recognised surpluses and deficits, the consolidated and Association reconciliation of movements in deficits and related noted have been prepared as though in accordance with the Companies Act 2006, reflecting the legal status of the Association (registered under the Companies Act 2006) as at 31 March 2011, although the Association is not a company under the Companies Act 2006 at the date of signing these financial statements. However, these financial statements are not statutory accounts in accordance with the Companies Act 2006.

Basis of consolidation
The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March using acquisition accounting.

Turnover and revenue recognition
Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

Interest payable
Interest is charged to the Income and Expenditure Account in the year in which it is incurred.

2 ACCOUNTING POLICIES (continued)

Pensions
The Group participates in two defined benefit pension schemes, the Social Housing Pension Scheme (SHPS) and the Staffordshire County Council Pension Fund (SCCPF), which provide benefits based on final pensionable pay. The assets of both schemes are invested and managed independently of the Group.

For the SHPS, it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

For the SCCPF, the current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of total recognised surpluses and deficit.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit is presented separately from other assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

Supporting people
Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

Taxation
The charge for taxation is based on surpluses arising on certain activities which are liable to tax. Since 1 April 2011, the Association has charitable status.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Value added tax
The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from H M Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

2 ACCOUNTING POLICIES (continued)

Housing properties
Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Expenditure on existing housing properties which results in enhancement of the economic benefits of the property by extending its useful life or by increasing the net rental stream is classed as an improvement and is capitalised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as a fixed asset and included in housing properties less any provisions needed for depreciation and impairment.

Social housing grant
Social Housing Grant (SHG) is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. 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 relates.

SHG released on the sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included on the balance sheet in creditors.

Other grants
Grants received in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate. Capital grants are utilised to reduce the capital costs of housing properties, including land costs.

True and fair override
Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet (note 12). This is a departure from the rules under the Companies Act 2006 but in the opinion of the Board is a relevant accounting policy, comparable to that adopted by other registered social landlords that have been adopted in order to present a true and fair view.

Depreciation
Depreciation is provided evenly to write off the costs of fixed assets, less related grants and any estimated residual value, over their expected useful lives. No depreciation is provided on freehold land. The following annual rates are used:

Housing Properties	1.67%
Freehold office building	1.67%
CareCALL equipment	25.00%
Computers and office equipment	20.00%
Plant	15.00%
Garages	3.33%
Shops	2.50%

2 ACCOUNTING POLICIES (continued)

Impairment
Housing properties, which are depreciated over a period in excess of 50 years are, in accordance with Financial Reporting Standard 11 and SORP 2008, subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down will be charged to operating surplus.

Other tangible fixed assets
Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	2.00%
Long leasehold property	Over the life of the lease
Furniture, fixtures and fittings	10.00%
Computers and office equipment	20.00%
Motor vehicles	20.00%

Properties for sale
Shared ownership first tranche sales, complete properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Liquid resources
Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Stock and work in progress
Stock and work in progress is stated at the lower of cost and net realisable value.

Leased assets
Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

3 GROUP TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2011 Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings	**27,089**	**(23,433)**	**3,656**
Other social housing activities			
Supporting People contract income	**1,178**	**(1,575)**	**(397)**
Other	**1,179**	**(1,315)**	**(136)**
Total social housing activities	**29,446**	**(26,323)**	**3,123**
Non-social housing activities			
Lettings	**918**	**(421)**	**497**
Other	**1**	**(14)**	**(13)**
Amortisation of goodwill	**-**	**(107)**	**(107)**
P M Training	**3,738**	**(3,526)**	**212**
The Realise Foundation	**280**	**(349)**	**(69)**
Total non-social housing activities	**4,937**	**(4,417)**	**520**
	34,383	**(30,740)**	**3,643**

	Turnover	2010 Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings	25,903	(21,599)	4,304
Other social housing activities			
Supporting People contract income	1,070	(1,318)	(248)
Other	4,782	(4,509)	273
Total social housing activities	31,755	(27,426)	4,329
Non-social housing activities			
Lettings	1,064	(658)	406
Other	4	9	13
Amortisation of goodwill	-	(107)	(107)
PM Training	3,897	(3,905)	(8)
The Realise Foundation	259	(59)	200
Total non-social housing activities	5,224	(4,720)	504
	36,979	(32,146)	4,833

3 ASSOCIATION TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT)

	Turnover	2011 Operating costs	Operating surplus/ (deficit)
	£'000	**£'000**	**£'000**
Social housing lettings	**27,089**	**(23,433)**	**3,656**
Other social housing activities			
Supporting People contract income	**1,178**	**(1,575)**	**(397)**
Other	**1,179**	**(1,315)**	**(136)**
Total social housing activities	**29,446**	**(26,323)**	**3,123**
Non-social housing activities			
Lettings	**918**	**(421)**	**497**
Other	**1**	**(14)**	**(13)**
Total non-social housing activities	**919**	**(435)**	**484**
	30,365	**(26,758)**	**3,607**

	Turnover	2010 Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings	25,903	(21,599)	4,304
Other social housing activities			
Supporting People contract income	1,070	(1,319)	(249)
Other	4,782	(4,509)	273
Total social housing activities	31,755	(27,427)	4,328
Non-social housing activities			
Lettings	1,064	(658)	406
Other	5	9	14
Total non-social housing activities	1,069	(649)	420
	32,823	(28,075)	4,748

A significant proportion of 'social housing – other' relates to grant receivable and associated expenditure in respect of the Renew North Staffordshire housing market renewal pathfinder initiative, for which Aspire is the lead organisation on a number of projects. The net cost of these projects during the year to Aspire was £91k (2010 – £178k) after accounting for £1,022k (2010 – £1,599k) of grant income.

3

	2011 £'000	2010 £'000
General Housing		
Net rent receivable	**25,570**	24,808
Service charges receivable	**1,519**	1,095
Net rental income	**27,089**	25,903
Expenditure on lettings		
Management	**(7,171)**	(6,075)
Services	**(1,559)**	(1,431)
Routine maintenance	**(6,016)**	(6,539)
Planned Maintenance Expenditure	**(7,556)**	(6,473)
Bad debts	**(73)**	(116)
Depreciation of housing properties	**(1,058)**	(965)
Operating costs on lettings	**(23,433)**	(21,599)
Operating surplus on lettings	**3,656**	4,304
Void Losses	**(248)**	(271)

4 ACCOMODATION IN MANAGEMENT

At the end of the year, accommodation in management for each class of accommodation was as follows:

	GROUP AND ASSOCIATION	
	2011 No.	2010 No.
Social housing		
General housing	**8,443**	8,441
Total owned and managed	**8,443**	8,441

The Group does not manage any non-social housing residential properties.

5 OPERATING SURPLUS

This is arrived at after charging:

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Depreciation of housing properties	**1,058**	965	**1,058**	965
Depreciation of other tangible fixed assets	**639**	642	**569**	571
Operating lease rentals				
- Land and buildings	**202**	184	**154**	137
- Vehicles	**479**	469	**342**	337
- Plant and equipment	**311**	299	**304**	292
Auditor's remuneration (including VAT)				
- for audit services				
▪ audit of financial statements	**27**	26	**27**	26
▪ audit of financial statements of the Association's subsidiary	**5**	5	**-**	-
- for non-audit services				
▪ tax advisory	**-**	1	**-**	-
▪ other	**2**	-	**-**	-

6 DEFICIT ON SALE OF FIXED ASSETS – HOUSING PROPERTIES

	GROUP AND ASSOCIATION	
	2011	2010
	£'000	£'000
Disposal proceeds	**678**	186
Carrying value of fixed assets	**(731)**	(125)
	(53)	61
Disposals Proceeds Fund	**(584)**	(64)
	(637)	(3)

7 INTEREST RECEIVABLE AND OTHER INCOME

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Interest receivable and similar income	**25**	28	**25**	28

8 INTEREST PAYABLE AND SIMILAR CHARGES

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	**4,754**	4,722	**4,749**	4,716
Notional interest on DPF & RCGF	**16**	15	**16**	15
Bank charges	**1**	1	**1**	1
	4,771	4,738	**4,766**	4,732

9 EMPLOYEES

Average monthly number of employees expressed in full time equivalents:

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	No.	No.	No.	No.
Operations – Housing	**149**	120	**149**	120
Operations – Maintenance	**191**	194	**191**	194
Resources – Central Administration	**66**	58	**66**	58
P M Training	**142**	86	**-**	-
	548	458	**406**	372
Employee costs:	**£'000**	£'000	**£'000**	£'000
Wages and salaries	**12,517**	11,349	**10,225**	9,838
Social security costs	**991**	904	**816**	774
Other pension costs	**975**	952	**973**	950
	14,483	13,205	**12,014**	11,562

Pension Schemes (Group and Association)

The majority of the Association's employees are members of either the Staffordshire County Council Pension Fund (SCCPF) (administered in accordance with the Local Government Pension Fund regulations) or the Social Housing Pension Scheme (SHPS). Both are multi-employer defined benefit schemes providing benefits based on final pensionable pay.

PM Training promotes the government's stakeholder scheme but makes no contributions on behalf of employees.

EMPLOYEES – Pension Schemes (continued)

Social Housing Pension Scheme (Group and Association)
Aspire Housing participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the SHPS House Policies and Rules Employer Guide.

The scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2007. From April 2007, there are three benefit structures available namely:

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

From April 2010, there are a further two benefit structures available, namely;

Final salary with 1/80th accrual rate
Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1st October 2010.

An employer can elect to have different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Association has elected to operate the final salary with 1/60th accrual rate benefit structure with 1/60th accrual rate benefit structure for active members as at 31st March 2007 and the career average revalued earnings with 1/60th accrual rate benefit structure for new entrants from 1st April 2007.

The trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007, the split of the total contribution rate between member and employer is set at the individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010, the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, the Association paid contributions at a rate of 16.8%. Member contributions varied between 7.25% and 9.25% depending on their age. As at 31st March 2011, there were 15 active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

EMPLOYEES – Pension Schemes (continued)

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from the total scheme assets. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS 17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2008 by a professionally qualified actuary using the Projected Unit method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

Financial assumptions

The financial assumptions underlying the valuation as at 30th September 2008 were as follows:

Valuation Discount Rates	% pa
Pre retirement	7.8
Non Pensioner Post Retirement	6.2
Pensioner Post Retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88GMP	0.0
Post 88GMP	2.8
Excess over GMP	3.0

The valuation was carried out using the following demographic assumptions;

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

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa

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

Benefit Structure	Long term joint contribution rate (% of pensionable salaries)
Final Salary with 1/60th accrual	17.8
Final Salary 1/70th accrual	15.4
Career average revalued earnings with 1/60th accrual rate	14.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

EMPLOYEES – Pension Schemes (continued)

Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions from 1st April 2010 to 30th September 2020, dropping to 3.1% from 1st October 2020 to 30th September 2023. Pensionable earnings at 30th September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). Employers that have closed the scheme to new entrants are required to pay an additional employer contribution loading of 3% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the Social Housing Pension Scheme.

Employers joining the Scheme after 1st October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on 1st April that falls 18 months after the valuation date.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example, the Regulator could require that the trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact upon the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan). The Recovery Plan for SHPS in respect of the September 2008 actuarial valuation has been submitted to the Regulator.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past funding level of 80%.

Staffordshire County Council Pension Fund

The Staffordshire County Council Pension Fund (SCCPF) is a multi-employer scheme with more than one participating employer, which is administered by Staffordshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. It is contracted out of the State Second Pension.

EMPLOYEES – Pension Schemes (continued)

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the Projected Unit method. The most recent formal actuarial valuation was completed as at 31 March 2010. The funds objective is to hold sufficient assets to meet the estimated cost of providing members' past service benefits by having a 100% funding level over a period of 15 years. The current funding level is 75% compared to 89% at the 2007 valuation.

The employer's contributions to the SCCPF by Aspire Housing for the year were £892,341 (2010 £849,720) and the employers contribution rate was 16.6%. It will increase to 20% from 1st April 2011.

Financial Assumptions

In calculating the scheme assets and liabilities, the funds actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those indicated in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

The major assumptions used by the actuary in assessing scheme liabilities were;

	31 March 2011 % per annum	**31 March 2010 % per annum**
Inflation/pension increase rate	2.8%	3.8%
Salary increase rate	5.1%	5.3%
Expected Return on Assets	6.9%	7.2%
Discount rate	5.5%	5.5%
Equities	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%

The expected return on assets is based on the long term future expected investment return for each asset class as at 31st March 2010. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

Mortality Assumptions

The post retirement mortality assumptions used to value the benefit obligation are based on the PFA92 and PMA92 tables projected to calendar year 2033 for non-pensioners and 2017 for pensioners. Based on these assumptions the average future life expectancies at age 65 are summarised below;

	2011 No. of years	**2010 No. of years**
Current pensioners – Males	**21.2**	20.8
Current pensioners – Females	**23.4**	24.1
Future pensioners – Males	**23.3**	22.3
Future pensioners – Females	**25.6**	25.7

EMPLOYEES – Pension Schemes (continued)

Amounts recognised in the Balance Sheet	2011 £'000	2010 £'000
Fair Value of Employer Assets	**32,099**	28,470
Present Value of Funded Liabilities	**(40,349)**	(47,261)
Present Value of Unfunded Liabilities	**(73)**	(84)
Net Liability	**(8,323)**	(18,875)

Analysis of the amount charged to the income and expenditure account

	2011 £'000	2010 £'000
Current service cost	**1,168**	586
Interest cost	**2,395**	1,803
Expected return on employer assets	**(2,063)**	(1,287)
Losses on curtailments and settlements	**35**	231
	1,535	1,333

£1,203k (2010: £817k) was charged to the operating surplus and £332k (2010: £516k) was charged to other finance costs.

Movement in deficit during the year	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000
Deficit at beginning of the year	**(18,875)**	(6,357)
Current service cost	**(1,168)**	(586)
Interest costs	**(2,395)**	(1,803)
Employer Contributions	**1,010**	847
Contributions in respect of Unfunded Benefits	**4**	4
Impact of Settlements and Curtailments	**(35)**	(231)
Net return on assets	**2,063**	1,287
Actuarial gains/(losses)	**11,073**	(12,036)
Association share of scheme liabilities	**(8,323)**	(18,875)

Included within the actuarial gain for the current year is £5,271k relating to the government's announcement on 22 June 2010 that future pension increases would be linked to CPI as opposed to RPI. The Group and Association have recognised this amount in the Statement of Recognised Surpluses and Deficits in accordance with the Urgent Task Force (UTIF) Abstract 48, as the directors consider that no constructive obligation existed prior to the announcement to link such benefit increases to RPI. As such, the resulting gain has been accounted for as a change in actuarial assumption.

EMPLOYEES – Pension Schemes (continued)

Changes in the present value of defined benefit obligation

	2011 £'000	2010 £'000
Opening defined benefit obligation	**47,345**	25,874
Current service cost	**1,168**	586
Interest cost	**2,395**	1,803
Contributions by members	**357**	343
Actuarial (gains)/losses	**(9,934)**	19,140
Losses on curtailments & settlements	**35**	231
Estimated unfunded benefits paid	**(4)**	(4)
Estimated benefits paid	**(940)**	(628)
Closing defined benefit obligation	**40,422**	47,345

Changes in the present value of assets

	2011 £'000	2010 £'000
Opening fair value of employer assets	**28,470**	19,517
Expected return on assets	**2,063**	1,287
Contributions by members	**357**	343
Contributions by the employer	**1,010**	847
Contributions re unfunded benefits	**4**	4
Actuarial gains	**1,139**	7,104
Unfunded benefits paid	**(4)**	(4)
Benefits paid	**(940)**	(628)
Closing Fair Value of Employer Assets	**32,099**	28,470

Major categories of plan assets as a percentage of total plan assets

	2011	2010
Equities	78%	79%
Bonds	11%	11%
Property	7%	6%
Cash	4%	4%

Analysis of amount recognised in the Statement of Total Recognised Surpluses and Deficits

	2011 £'000	2010 £'000
Actuarial gains/(losses)	**11,073**	(12,036)
Cumulative Actuarial surpluses and deficits	**(1,057)**	(12,130)

EMPLOYEES – Pension Schemes (continued)

Actual Return on Plan Assets

	201 £'00	2010 £'000
Actual return on plan assets	**2,43**	8,391

Amounts for the current and previous four periods are as follows;

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of defined benefit obligation	(40,422)	(47,345)	(25,874)	(26,118)	(27,837)
Fair value of scheme assets	32,099	28,470	19,517	24,659	24,864
Deficit on scheme	(8,323)	(18,875)	(6,357)	(1,459)	(2,973)
Experience Gains/(Losses) on Assets	1,139	7,104	(7,608)	(2,555)	(163)
Experience Gains/(Losses) on Liabilities	211	1	(2)	(2,212)	(1)

10 DIRECTORS' EMOLUMENTS

	GROUP AND ASSOCIATION	
	2011	2010
Executive Director Costs	£'000	£'000
Aggregate emoluments	**466**	369
Pensions Contributions	**63**	47
	529	416

The Director of Regeneration also acts as Chief Executive Officer of the Association's wholly owned subsidiary Project Management (Staffordshire) Limited, an appropriate element of his salary is recharged by the Association.

The remuneration of the Chief Executive (who is also the highest paid employee) included above was as follows:

	2011 £'000	2010 £'000
Remuneration	**116**	116
Pension Contributions	**16**	16
	132	132

Pension contributions are made into defined benefit schemes for all executive directors. The Chief Executive is a member of the Staffordshire County Council Pension Fund, a defined benefit final salary pension scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. Aspire Housing Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

All executive directors received emoluments exceeding £40,000 during both periods.

The chair and vice chair of the Board received emoluments amounting to £17k (2010: £15k). No other board members received any remuneration for their services to the Group or Association. Expenses paid to board members were £5k (2010: £2k).

11 TAXATION

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
United Kingdom Corporation Tax				
Current tax on deficit for the year	**(33)**	-	-	-
Adjustments in respect of prior years	**-**	1	-	-
Tax on deficit on ordinary activities	**(33)**	1	-	-

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
Current tax reconciliation	£'000	£'000	£'000	£'000
Deficit on ordinary activities before taxation	**(2,072)**	(396)	**(2,103)**	(475)
Taxation at 28%	**(580)**	(110)	**(589)**	(133)
Effects of:				
Expenditure not tax deductible	**478**	532	**478**	527
Income not taxable	**3,657**	(2,903)	**3,657**	(2,875)
Enhanced expenditure	**-**	-	**-**	-
Adjustments in respect of capital items	**(47)**	(44)	**36**	(44)
Other short term timing differences	**(2,955)**	3,540	**(2,955)**	3,540
Adjustments in respect of pension contributions	**-**	-	**-**	-
Group Relief	**-**	-	**53**	-
Utilisation of UK losses and other deductions	**(680)**	(1,015)	**(680)**	(1,015)
Actual current tax charge	**(33)**	-	**-**	-

The Association converted to charitable status on 1st April 2011 and therefore will benefit from Corporation Tax exemptions, as such no deferred tax asset is recognised in respect of the losses carried forward.

12 GROUP AND ASSOCIATION TANGIBLE FIXED ASSETS - PROPERTIES

Social housing properties

	Social housing properties held for letting	Shared Ownership	Social housing properties under construction	Shared Ownership properties under construction	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1st April 2010	85,293	1,308	850	384	87,835
Additions	-	-	2,739	1,341	4,080
Improvements	2,359	-	-	-	2,359
Properties acquired	2,319	-	-	-	2,319
Schemes Completed	2,846	1,516	(2,846)	(1,516)	-
Disposals	(801)	-	-	-	(801)
At 31st March 2011	**92,016**	**2,824**	**743**	**209**	**95,792**
Depreciation					
At 1st April 2010	6,821	2	-	-	6,823
Charge for the year	1,055	3	-	-	1,058
Released on disposals	(70)	-	-	-	(70)
At 31st March 2011	**7,805**	**5**	**-**	**-**	**7,810**
Depreciated cost as at 31st March 2011	**84,211**	**2,819**	**743**	**209**	**87,982**
31st March 2010	78,471	1,306	850	384	81,011
Social Housing Grant					
At 1st April 2010	8,367	1,145	310	125	9,947
Additions	2,357	-	1,833	1,180	5,370
Schemes Completed	1,475	1,255	(1,475)	(1,255)	-
At 31st March 2011	**12,199**	**2,400**	**668**	**50**	**15,317**
Other Grants					
At 1st April 2010	2,237	500	-	-	2,737
Additions	191	-	-	-	191
	2,428	**500**	**-**	**-**	**2,928**
Net book value at 31st March 2011	**69,583**	**(80)**	**75**	**159**	**69,737**
Net book value at 31st March 2010	67,867	(339)	540	259	68,327

The success of initial sales for shared ownership properties has resulted in a lower capital element for the Association which in turn leads to an overall negative fixed asset value for the properties within this category.

GROUP AND ASSOCIATION TANGIBLE FIXED ASSETS - PROPERTIES (continued)

Total accumulated capital housing grant is shown above. Revenue social housing grant of £376k has been transferred from the disposal proceeds fund for revenue works carried out on properties of non traditional construction.

All properties were freehold.

Expenditure on works to existing properties

	GROUP AND ASSOCIATION	
	2011	**2010**
	£'000	**£'000**
Amount Capitalised	**2,359**	3,572
Amount Charged to Revenue	**7,667**	6,903
	10,026	10,475

Social Housing Grant

	GROUP AND ASSOCIATION	
	2011	**2010**
	£'000	**£'000**
Capital grant	**12,867**	8,677
Shared ownership	**2,450**	1,270
Total grant	**15,317**	9,947

13 GROUP TANGIBLE FIXED ASSETS – OTHER

	CareCALL, Computers &office equipment	Plant & Equipment	Leasehold property	Shops & garages	Freehold property	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1st April 2010	2,217	1,304	686	5,782	2,584	12,573
Additions	322	34	35	-	-	391
Disposals	-	(59)	-	-	-	(59)
At 31st March 2011	**2,539**	**1,279**	**721**	**5,782**	**2,584**	**12,905**
Depreciation						
At 1st April 2010	1,599	994	149	1,358	315	4,415
Charge for year	359	95	20	121	44	639
Disposals	-	(59)	-	-	-	(59)
At 31st March 2011	**1,958**	**1,030**	**169**	**1,479**	**359**	**4,995**
Net Book Value						
At 31st March 2011	**582**	**249**	**552**	**4,302**	**2,225**	**7,910**
At 31st March 2010	618	310	537	4,424	2,269	8,158

ASSOCIATION TANGIBLE FIXED ASSETS – OTHER

	CareCALL, Computers &office equipment	Plant & Equipment	Leasehold property	Shops & garages	Freehold property	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1st April 2010	2,217	850	532	5,782	2,584	11,965
Additions	322	10	-	-	-	332
At 31st March 2011	**2,539**	**860**	**532**	**5,782**	**2,584**	**12,297**
Depreciation						
At 1st April 2010	1,599	679	9	1,358	315	3,960
Charge for year	359	36	9	121	44	569
At 31st March 2011	**1,958**	**715**	**18**	**1,479**	**359**	**4,529**
Net Book Value						
At 31st March 2011	**581**	**145**	**514**	**4,303**	**2,225**	**7,768**
At 31st March 2010	618	171	523	4,424	2,269	8,005

14 INVESTMENTS

ASSOCIATION	Subsidiary Undertakings
	£'000
At 1 April 2010 and 31 March 2011	1,750

Details of the investments, all of which are incorporated in England and Wales, in which the Group hold 20% or more of the nominal value of any share capital are as follows:

The investment	Holding	Proportion of voting rights and shares held	Nature of Business
Project Management (Staffordshire) Limited	Ordinary Shares	100%	Employment & training
The Realise Foundation	N/A	100%	Social enterprise

15 INTANGIBLE FIXED ASSETS - GROUP

Goodwill

	£'000
Cost	
At 1 April 2010 and 31 March 2011	1,070
Amortisation	
At 1 April 2010	179
Charge for the year	106
At 31 March 2011	**285**
Net book value at 31 March 2011	**785**
Net book value at 1 April 2010	891

16 GRANTS

Expenditure on the North Staffordshire housing market renewal pathfinder (Renew) programme in 2010/2011 was £1,869k, this was funded by a Renew capital grant of £1,554k and £174k from Newcastle Borough Council. Aspire contributed £142k towards this programme.

No grant was received during 2010/11 from Advantage West Midlands and the balance brought forward of £21k was expended during the year.

A grant of £30k was received from Stoke-on-Trent City Council for Blurton External Works and this was expended in 2010/11.

17 PROPERTIES FOR SALE

	GROUP AND ASSOCIATION 2011 £'000	GROUP AND ASSOCIATION 2010 £'000
Renew property	**103**	103
Shared ownership	**1,652**	449
	1,755	552

18 STOCKS

	GROUP AND ASSOCIATION 2011 £'000	GROUP AND ASSOCIATION 2010 £'000
Raw materials and consumables	**303**	377
Work in progress	**160**	126
	463	503

19 DEBTORS

	GROUP 2011 £'000	GROUP 2010 £'000	ASSOCIATION 2011 £'000	ASSOCIATION 2010 £'000
Due within one year				
Rent and service charges receivable	**1,162**	1,371	**1,162**	1,371
Less: Provision for bad and doubtful debts	**(556**	(598)	**(556)**	(598)
	606	773	**606**	773
Others debtors	**3,911**	2,354	**2,958**	1,983
Amounts due from group undertakings	**-**	-	**19**	-
Prepayments and accrued income	**968**	992	**968**	863
	5,485	4,119	**4,551**	3,619

20 CREDITORS: AMOUNTS FALLNG DUE WITHIN ONE YEAR

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	**681**	1,688	**73**	1,381
Rent & service charges in advance	**810**	939	**810**	939
Renew recycled grant	**103**	103	**103**	103
Disposals proceeds fund (note 23)	**2,163**	3,933	**2,163**	3,933
Other taxation and social security	**301**	280	**251**	226
Corporation tax	**8**	-	**-**	-
Right to buy creditor	**308**	253	**308**	253
Other creditors	**928**	824	**962**	870
Amounts due to group undertakings	**-**	-	**-**	-
Accruals and deferred income	**2,607**	2,512	**2,386**	2,288
Interest accrued	**597**	481	**597**	481
SHG in advance	**613**	33	**613**	33
Bank overdraft	**-**	-	**-**	-
Finance lease creditor	**18**	33	**-**	-
	9,137	11,079	**8,266**	10,507

21 CREDITORS: AMOUNTS FALLNG DUE AFTER MORE THAN ONE YEAR

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Debt (note 24)	**107,407**	104,816	**107,404**	104,800
Deferred tax liability	**-**	8	**-**	-
Disposals proceeds fund (note 23)	**695**	411	**695**	411
Sinking fund	**8**	6	**8**	6
Issue cost of debt	**(300)**	-	**(300)**	-
	107,810	105,241	**107,807**	105,217

22 RECYCLED CAPITAL GRANT FUND

	GROUP AND ASSOCIATION	
	2011	2010
	£'000	£'000
At 1st April	**-**	-
Purchase of properties	**-**	-
Grants Recycled	**-**	-
At 31st March	**-**	-

23 DISPOSAL PROCEEDS FUND

	GROUP AND ASSOCIATION 2011 £'000	2010 £'000
At 1st April	**4,344**	4,250
Net sales proceeds recycled	**584**	79
Interest accrued	**17**	15
Development/improvement of property	**(2,087)**	-
At 31st March	**2,858**	4,344
To be used within one year	2,163	3,933
To be used after more than one year	695	411
	2,858	4,344

The Association is in the process of obtaining new schemes which will utilise the balance within the Disposal Proceeds Fund.

24 DEBT ANALYSIS

	GROUP		ASSOCIATION	
Due within one year	**2011 £'000**	**2010 £'000**	**2011 £'000**	**2010 £'000**
Obligations under finance leases	**18**	33	**-**	-
Due after more than one year				
Bank loans	**107,404**	104,800	**107,404**	104,800
Obligations under finance leases	**3**	16	**-**	-
	107,407	104,816	**107,404**	104,800
Total debt	**107,425**	104,849	**107,404**	104,800

Debt is repayable as follows	**2011 £'000**	**2010 £'000**	**2011 £'000**	**2010 £'000**
Within one year	**18**	33	**-**	-
Between one and two years	**3**	16	**-**	-
Between two and five years	**-**	-	**-**	-
After five years	**107,404**	104,800	**107,404**	104,800
	107,425	104,849	**107,404**	104,800

The bank loans are secured by a floating charge over the assets of the Association. The fixed rate financial liabilities have a weighted average interest of 6.43% and the weighted average period for which they remain fixed is 12 years. The rates paid for the variable rate borrowing at 31st March have a weighted average of 1.62%.

At 31 March 2011 the Association had undrawn loan facilities of £33.1m (2010 - £7.7m). This consists of £5.1m from tranches A & B and the £7.5m Barclays facility and £28.0m from the new loan facility agreed in February 2011.

Finance leases are secured on the assets to which they relate.

25 REVENUE RESERVE

	GROUP	ASSOCIATION
	£'000	**£'000**
At 1st April 2010	**(46,608)**	**(46,769)**
Deficit for the year	**(2,039)**	**(2,103)**
Actuarial gain relating to pension scheme	**11,073**	**11,073**
At 31st March 2011	**(37,574)**	**(37,799)**

26 FINANCIAL COMMITMENTS

	GROUP		ASSOCIATION	
Capital expenditure commitments are as follows:	**2011 £'000**	**2010 £'000**	**2011 £'000**	**2010 £'000**
Capital expenditure				
Expenditure contracted for but not provided in the accounts	**12,542**	11,715	**12,542**	11,529
Expenditure authorised by the Board, but not contracted	**69**	4,263	**-**	4,263
	12,611	15,978	**12,542**	15,792

The Group is committed to a programme of property acquisition including Mortgage Rescue schemes and units for refurbishment but there is currently no approved expenditure level for these. Likewise, the Group will be redeveloping on land at Charter Road following the demolition of properties under the Renew programme but this does not have an approved expenditure figure as yet.

The above commitments will be financed primarily through loan funding and capital grant.

Group Operating Leases

The payments which the Group is committed to make in the next year under operating leases are as follows:

	2011 £'000	2010 £'000
(i) Land & Buildings, leases expiring in:		
Less than one year	**127**	125
one to five years	**556**	292
	683	417
(ii) Plant, equipment & vehicles, leases expiring in:		
Less than one year	**285**	276
one to five years	**148**	523
	433	799

Association Operating Leases

The payments which the Association are committed to make in the next year un operating leases are as follows:

(i)	Land & Buildings, leases expiring in:		
	Less than one year	**127**	245
	one to five years	**508**	125
		635	370
(ii)	Plant, equipment & vehicles, leases expiring in:		
	Less than one year	**247**	276
	one to five years	**42**	384
		289	660

27 CONTINGENT LIABILITIES

There were no contingent liabilities at 31st March 2011 (2010: Nil) for the Group and Association.

28 RECONCILIATION OF GROUP OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£'000	£'000
Operating surplus	**3,643**	4,833
Depreciation of housing properties	**1,058**	964
Depreciation of other fixed assets	**639**	642
Amortisation	**106**	107
Pensions operating charge	**1,284**	921
Pension contributions paid	**(1,095)**	(954)
	5,635	6,513
Working capital movements		
Increase in Stocks	**40**	(109)
(Increase)/decrease in properties for outright sale	**(1,203)**	2,042
(Increase) in debtors	**(1,069)**	(196)
(Increase)/decrease in creditors	**(437)**	768
Net cash inflow from operating activities	**2,966**	9,018

29 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £'000	2010 £'000
Increase/(decrease) in cash	**(4,476)**	4,832
Cash inflow from increase in debt and lease finance	**(2,576)**	(4,422)
(Increase)/decrease in net debt	**7,052)**	
from cash flows		410
Net debt at 1st April	**(98,812)**	(99,222)
Net debt at 31st March	**(105,864)**	(98,812)

30 ANALYSIS OF CHANGES IN NET BORROWINGS

Group and Association	As at 1st April 2010 £'000	Cash Flow £'000	As at 31st March 2011 £'000
Cash			
Overdraft	-	-	-
Net Cash	**6,037**	**(4,476)**	**1,561**
	6,037	**(4,476)**	**1,561**
Debt	**(104,849)**	**(2,576)**	**(107,425)**
Net debt	**(98,812)**	**(7,052)**	**(105,864)**

31 RELATED PARTIES

During the year, the following members of the board were also tenants: Joan Winfield, Stephen Meakin and Paul Davies. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

During the year, the following members of the board were also councillors with Newcastle Borough Council, a local authority having nomination rights over tenancies for Aspire properties: Sandra Bowyer, Marion Reddish, Andrew Cooley and Brian Tomkins. All transactions with the council are on normal commercial terms and none of the councillors are able to use their position to their advantage.

32 POST BALANCE SHEET EVENT

On 1 April 2011, the Association was registered under the Industrial and Provident Societies Act 1965 and gained charitable status. Also on this date the Association became a wholly owned subsidiary of Aspire Group (Staffordshire) Limited, a newly incorporated entity, which was formed to effect a restructure of the group.

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