

**Eden Housing Association Limited Group**

**Report and financial statements**

Year ended 31 March 2009

## **Report and financial statements**

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**Board Members, Executive Directors, Advisors and Bankers**

**Board**

Chair	Mrs Joan Johnstone
Vice Chair	Mr Leo Finn
Other Members	Mr Ken McKean (resigned 8 July 2008) Mr Ron Richardson (resigned 8 July 2008) Mr Laurie Caygill Mr Nigel Cook (resigned 8 July 2008) Mr Francis Higgins Mr Neil Hughes* Mrs Andrea Willett Mr Derek Twentyman** (deceased 2 June 2008) Mrs Ivy Wilkinson* Mrs Deborah Dawson* Mr Ian Bruce (elected by Board on 27 January 2009) Mr Henry Barker (elected by Board on 27 January 2009) Mr Keith Duncan (elected by Board on 27 January 2009) Miss Christine Kearse (elected by Board on 27 January 2009) Mr John Denwood* (elected by Board on 10 March 2009)

\* = Tenant Board Member

\*\* The Members were very saddened to hear of the death of Mr Derek Twentyman, during the year.

**Executive Directors**

Chief Executive	Paul Davies
Director of Resources/Secretary	Chris Judson
Director of Operations	John Clasper

**Registered Office**

Blain House  
Bridge Lane  
Penrith  
Cumbria  
CA11 8QU

**Registered Number**

Registered as a non-charitable social landlord under the Industrial and Provident Societies Acts No.28435R  
Registered by the Tenant Services Authority No.L4140

**Auditors**

Mazars LLP  
Chartered Accountants and Registered Auditors  
The Broadway  
Dudley  
West Midlands DY1 4PY

**Bankers**

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

## **Report of the Board of Management**

The Board presents its report and the audited financial statements for the Association and the Group for the year ended 31 March 2009. This report and the set of financial statements relate to the Association's eleventh full year of operation.

### **Principal activities**

The principal activity of the Association and Group is the development and management of affordable rented accommodation for people in housing need.

The Association set up a subsidiary company, Eden Property Developments Limited (EPDL), in August 2000, but this company lay dormant until December 2001. In December 2001 the Association and EPDL entered into a management agreement, under which EPDL develops properties on behalf of the Association.

### **Resident involvement**

We actively encourage resident involvement in decision making by promoting resident involvement, through a range of means including focus groups, advisory panels and tenant/resident organisations. The Board currently includes four tenant Board members and clear reporting arrangements exist between the Board and the tenants' and residents' representative body, ECHO. The formal reporting arrangements are a two way process.

### **Business review**

In 2008/09 as in each of the previous eleven years of the Association's life, the financial business plan has been out-performed. The income stream has proved to be strong and expenditure has been kept under control.

For the year ended 31 March 2009, the Association made a deficit of £847,000 (Group: £847,000).

Revenue reserves were £11,396,000 (in deficit) for the Association and £11,394,000 (in deficit) for the Group at 31 March 2009.

### **Insurance**

Insurance policies are maintained by the Association for members of the Board and executive directors against liabilities in relation to the Association and its subsidiary.

### **Health and safety**

The Board is aware of its responsibilities on health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

### **Employee involvement**

The Association keeps its employees informed on matters affecting them and on the progress of the Association. This is carried out in a number of ways, including formal and informal briefings and team meetings. At the commencement of the Association's operations, a Staff Liaison Group was set up to allow the Association's Executive Management Team to consult with representatives drawn from the various teams of employees within the Association. On 23 March 1999, this group was succeeded by a new body entitled Eden Housing Association Employee Consultative Group (ECG), which has a defined role under a written constitution approved by the Board. A representative from the Board sits on this group. The role of this group continues to develop.

The strength of the Group lies in the quality of all of its employees. In particular, our ability to meet our objectives and commitments to tenants in an efficient, effective and economic manner depends on their contribution.

The Group shares information on its objectives, progress and activities through regular office and departmental meetings involving Board members, the full management team and employees

### **Disabled employees**

Applications for employment from disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of any employees becoming disabled, every effort will be made to retrain them in order that their employment within the organisation may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

### **Donations**

The Group made no charitable donations during the year.

### **Corporate Governance**

The Board has adopted the National Housing Federation's (NHF) Code of Governance in full and welcomes the recent review of this document. The Board is committed to integrity and accountability in the stewardship of the Group's affairs and considers that the Group has complied throughout the year under review with the provisions of the NHF's Code of Governance.

### **Composition and role of the Board**

The present Board members are listed on page 1. The Board members are drawn from a wide background, bringing together professional, commercial and local experience.

The Board currently comprises 13 non-executive members and normally meets with the executive directors at least 6 times a year.

The Board has a formal schedule of matters reserved for its decision, which includes setting, monitoring and reviewing the Group's and Association's aims, objectives and policies. Responsibility for the Association's day to day operations is delegated to the executive directors, who report through the Chief Executive.

The Association's Board of Management has three Committees which operate within defined terms of reference as follows:

- Audit and Risk Management
- Remuneration
- Governance

### **Audit and Risk Management Committee**

The terms of reference of Eden Housing Association's Audit and Risk Management Committee are as follows:

- To oversee and report to the Board of Management on the external audit, the internal audit function and the accounting and internal control systems of the Association.
- To provide an open channel of communication between the Association's internal and external auditors and the Board of Management.
- To assist the Board of Management in compiling the required statements on the Association's systems of internal control and its audited financial statements.
- To assist the Board of Management in reviewing the Association's risk management arrangements.

This Committee was originally known as the Audit Committee, but was renamed to reflect the growing importance of risk management. This Committee also has responsibility for insurance and health & safety. This Committee meets quarterly.

### **Remuneration Committee**

The Remuneration Committee consists wholly of non-executive members and is responsible for determining the terms and conditions of the executive directors, ensuring that they are fairly rewarded for their contribution to the Association's overall performance. This Committee meets at least once each year.

### **Governance Committee**

The Governance Committee consists wholly of non-executive members and is responsible for nominating candidates to become members of the Board, to consider matters relating to standards and probity, and to make recommendations to Board where it considers changes in the Association's Governance arrangements are required.

### **Executive Directors/Executive Management Team**

The executive directors hold no interest in the Association's share capital. They act as executives within the authority delegated by the Board and make up the Executive Management Team (EMT). The detailed scrutiny of performance, the development of policy and procedures and expenditure approvals within budget, are carried out by the executive directors.

The EMT meets at least twice a month. Approximately four meetings are scheduled as formal EMT meetings. Minutes are distributed to all Board members and are submitted for approval at meetings of the Board of Management.

All of the executive directors served throughout the year.

### **Related party disclosures**

Note 26 to the accounts discloses information relating to tenants who have served as Board Members during the year under review, as these individuals may be regarded as related parties.

### **Form and content of financial statements**

The financial statements have been drawn up to comply with the 2008 SORP (Statement of Recommended Practice) and the Accounting Requirements for Registered Social Landlords General Determination 2006 issued by the former Housing Corporation.

### **Statement of Board's financial responsibilities**

The Industrial and Provident Societies Acts and Registered Housing Provider law require the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and Association and of the surplus or deficit for the period. In preparing the financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

The Board is responsible for keeping proper accounting records which disclose the financial position of the Group and Association and to enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over its accounting records, cash holdings and all its receipts and remittances.

## **Internal control**

The Board of Management has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. This applies to the Association and its subsidiary.

The Board of Management recognises that no system of internal control can provide an absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance on both the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board of Management has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with Turnbull principles as incorporated in the Housing Corporation's circular 07/07: Internal Controls Assurance.

The process adopted by the Board of Management 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 Association's activities. The executive team regularly considers and receives reports on significant risks facing the Association and the Chief Executive is responsible for reporting to the Board of Management any significant changes affecting any key risks.

- **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 of Management. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

- **Environment and control procedures**

The Board of Management retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including treasury strategy and new investment projects. The Board of Management has adopted and disseminated to all employees a Code of Conduct for Employees. This sets out the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

- **Information and financial reporting systems**

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the executive directors and are considered and approved by the Board of Management. The Board of Management also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

- **Internal Audit Assurance**

The internal audit framework and the risk management process are subject to regular review by Internal Audit who advise the executive directors and report to the Audit and Risk Management Committee. The Audit and Risk Management Committee considers internal control and risk at each of its meetings during the year.

The Audit and Risk Management Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The Audit and Risk Management Committee makes an annual report to the Board of Management. The Board of Management has received this report.

The Board of Management confirms that there is an ongoing process for identifying, and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report and financial statements, and is regularly reviewed by the Board of Management.

**Post Balance Sheet Events**

We consider that there have been no events since the year end that have had a significant effect the Group's financial position.

**Going concern**

The Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Auditors**

A resolution to re-appoint Mazars LLP as external auditors will be proposed at the Annual General Meeting on 8 July 2009.

By order of the Board

**Chris Judson**  
*Secretary*

9 June 2009

## **Independent Auditors' Report to the Members of Eden Housing Association Limited Group**

We have audited the financial statements of Eden Housing Association Limited Group for the year ended 31 March 2009, which comprise the Group and the Association's income and expenditure accounts, the Group and the Association's balance sheets, and the consolidated cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

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

### **Respective Responsibilities of the Board of Management and Auditors**

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Part III of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the Board Report is not consistent with the financial statements, if the Group and Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, if a satisfactory system of control over books of account and transactions has not been maintained or if information specified by law regarding Board Members' transactions with the Group and Association is not disclosed.

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

### **Basis of audit opinion**

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

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

**Independent Auditors' Report to the Members of Eden Housing Association Limited Group**

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the state of the Group's and Association's affairs as at 31 March 2009 and of their income and expenditure for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Part III of Schedule 1 to the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2006.

**MAZARS LLP**  
Chartered Accountants  
and Registered Auditors  
The Broadway  
Dudley  
West Midlands  
DY1 4PY

9 June 2009

**Income and expenditure account  
Year ended 31 March 2009**

	<i>Note</i>	<b>GROUP</b>		<b>ASSOCIATION</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>£000</b>	<b>Restated £000</b>	<b>£000</b>	<b>Restated £000</b>
<b>Turnover</b>	2,3	<b>6,916</b>	7,916	<b>6,916</b>	7,916
Cost of sales	2,3	<b>(252)</b>	(1,462)	<b>(252)</b>	(1,462)
Operating costs	2,3	<u><b>(5,793)</b></u>	<u>(5,964)</u>	<u><b>(5,792)</b></u>	<u>(5,962)</u>
<b>Operating surplus</b>	2,3	<b>871</b>	490	<b>872</b>	492
Deficit on sale of fixed assets	4	-	(3)	-	(3)
Interest receivable and other income	5	<b>31</b>	40	<b>30</b>	38
Interest payable and similar charges	6	<b>(1,749)</b>	(1,800)	<b>(1,749)</b>	(1,800)
<b>Deficit on ordinary activities before taxation</b>	7	<u><b>(847)</b></u>	<u>(1,273)</u>	<u><b>(847)</b></u>	<u>(1,273)</u>
Tax on deficit on ordinary activities	11	-	-	-	-
<b>Deficit for the year</b>	20	<u><b>(847)</b></u>	<u>(1,273)</u>	<u><b>(847)</b></u>	<u>(1,273)</u>

All amounts relate to continuing activities.

The notes on pages 13 to 38 form part of these financial statements.

**Statement of total recognised surpluses and deficits  
Year ended 31 March 2009**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>Restated £000</b>	<b>£000</b>	<b>Restated £000</b>
Deficit for the year	<b>(847)</b>	(1,273)	<b>(847)</b>	(1,273)
Actuarial gain/(loss) on pension scheme	<b>627</b>	(428)	<b>627</b>	(428)
Unrealised surplus on revaluation of properties	<b>13,991</b>	3,166	<b>13,991</b>	3,166
Total recognised surplus for the year	<u><b>13,771</b></u>	<u>1,465</u>	<u><b>13,771</b></u>	<u>1,465</u>

**Note of historical cost surpluses and deficits  
Year ended 31 March 2009**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>Restated £000</b>	<b>£000</b>	<b>Restated £000</b>
Reported deficit on ordinary activities	<b>(847)</b>	(1,273)	<b>(847)</b>	(1,273)
Realisation of property revaluation gains of previous years	-	34	-	34
Historical cost deficit on ordinary activities	<u><b>(847)</b></u>	<u>(1,239)</u>	<u><b>(847)</b></u>	<u>(1,239)</u>

The notes on pages 13 to 38 form part of these financial statements.

**Balance sheet  
At 31 March 2009**

		<b>GROUP</b>		<b>ASSOCIATION</b>	
	<i>Note</i>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>£000</b>	<b>Restated £000</b>	<b>£000</b>	<b>Restated £000</b>
<b>Fixed assets</b>					
Housing properties at valuation	<i>12</i>	<b>84,346</b>	67,244	<b>84,346</b>	67,244
Depreciation	<i>12</i>	<b>(3,280)</b>	(2,805)	<b>(3,280)</b>	(2,805)
Social Housing Grant	<i>12</i>	<b>(14,674)</b>	(13,274)	<b>(14,674)</b>	(13,274)
Other Capital Grants	<i>12</i>	<b><u>(1,155)</u></b>	<u>(731)</u>	<b><u>(1,155)</u></b>	<u>(731)</u>
<b>Net book value of housing properties</b>		<b><u>65,237</u></b>	50,434	<b><u>65,237</u></b>	50,434
Homebuy loan	<i>30</i>	<b>1,282</b>	1,085	<b>1,282</b>	1,085
Homebuy grant	<i>30</i>	<b>(1,282)</b>	(1,085)	<b>(1,282)</b>	(1,085)
Other fixed assets	<i>13</i>	<b><u>1,205</u></b>	<u>1,265</u>	<b><u>1,205</u></b>	<u>1,265</u>
<b>Total fixed assets</b>		<b>66,442</b>	51,699	<b>66,442</b>	51,699
<b>Current assets</b>					
Properties for sale	<i>14</i>	<b>1,079</b>	1,078	<b>1,079</b>	1,078
Debtors	<i>15</i>	<b>1,087</b>	1,101	<b>1,052</b>	1,087
Investments	<i>16</i>	<b>2,417</b>	101	<b>2,417</b>	101
Cash at bank and in hand		<b><u>359</u></b>	<u>1,457</u>	<b><u>350</u></b>	<u>1,447</u>
		<b>4,942</b>	3,737	<b>4,898</b>	3,713
Creditors: amounts falling due within one year	<i>17</i>	<b><u>(4,460)</u></b>	<u>(2,224)</u>	<b><u>(4,418)</u></b>	<u>(2,202)</u>
<b>Total assets less current liabilities</b>		<b><u>66,924</u></b>	<u>53,212</u>	<b><u>66,922</u></b>	<u>53,210</u>
<b>Creditors:</b> amounts falling due after more than one year	<i>17,18</i>	<b>35,781</b>	35,352	<b>35,781</b>	35,352
<b>Provisions for liabilities and charges:</b>					
Pension liability	<i>24</i>	<b>1,242</b>	1,730	<b>1,242</b>	1,730
<b>Capital and reserves</b>					
Non equity share capital	<i>19</i>	-	-	-	-
Revaluation reserve	<i>20</i>	<b>41,295</b>	27,304	<b>41,295</b>	27,304
Revenue reserve	<i>20</i>	<b><u>(11,394)</u></b>	<u>(11,174)</u>	<b><u>(11,396)</u></b>	<u>(11,176)</u>
		<b><u>66,924</u></b>	<u>53,212</u>	<b><u>66,922</u></b>	<u>53,210</u>

These financial statements were approved by the Board on 9 June 2009 and were signed on its behalf by:

Joan Johnstone  
*Chair*

Leo Finn  
*Vice Chair*

Chris Judson  
*Secretary*

The notes on pages 13 to 38 form part of these financial statements.

**Consolidated cash flow statement  
For the year ended 31 March 2009**

		<b>2009</b>		<b>2008</b>	
	<i>Note</i>	<b>£000</b>	<b>£000</b>	<b>Restated £000</b>	<b>£000</b>
<b>Net cash inflow from operating activities</b>	<i>21(a)</i>		<b>710</b>		2,778
<b>Returns on investments and servicing of finance</b>					
Interest received		<b>46</b>		37	
Interest paid		<b>(1,902)</b>		(1,957)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<b>(1,856)</b>		(1,920)
<b>Taxation</b>					
Corporation tax paid		<b>-</b>		-	
			-		-
<b>Capital expenditure and financing investments</b>					
Cash paid for construction and purchase of housing properties		<b>(3,024)</b>		(6,367)	
SHG received		<b>4,999</b>		3,128	
Cash paid for purchase of other fixed assets		<b>(164)</b>		(163)	
Proceeds on sales of housing properties		-		240	
Outflows relating to sales of housing properties		<b>(88)</b>		(37)	
Proceeds on sales of other fixed assets		-		5	
			<b>1,723</b>		(3,194)
<b>Cash inflow (outflow) before management of liquid resources and financing</b>			<b>577</b>		(2,336)
<b>Management of liquid resources</b>					
Purchase of current asset investments		<b>(6,700)</b>		(4,875)	
Sale of current asset investments		<b>4,424</b>		5,910	
			<b>(2,276)</b>		1,035
			<b>(1,699)</b>		
<b>Financing</b>					
Loans received		<b>1,500</b>		3,350	
Loans repaid		<b>(900)</b>		(700)	
Loans redeemed by SHG		<b>-</b>		-	
			<b>600</b>		2,650
<b>Increase/(decrease) in cash</b>	<i>21(b)</i>		<b>(1,099)</b>		1,349

The notes on pages 13 to 38 form part of these financial statements.

## Notes

(forming part of the financial statements)

### 1. Principal Accounting policies

The financial statements have been prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP), and the 'Accounting Requirements for Social Landlords – General Determination 2006'. The financial statements have also been prepared in compliance with the Statement of Recommended Practice: Accounting by registered social landlords, issued in January 2008 (SORP 2008). A summary of the more important accounting policies, which have been applied consistently, is set out below:

#### a) Basis of accounting

The financial statements are prepared on the historical cost basis except as modified for the revaluation of social housing and office properties.

The prior period adjustment reflects a change in accounting policy for shared ownership first tranche sales under SORP 2008. The effect of the change is shown in more detail in note 31.

#### b) Turnover

Turnover represents rental and service charge income, income from shared ownership/equity first tranche sales, sales of properties built for sale, fees, revenue based grants receivable (except where such grants are reimbursement of specific items of expenditure) and other income.

#### c) Retirement benefits

Contributions to pension schemes are calculated as a percentage of pensionable salaries of employees, determined in accordance with actuarial advice. The cost of providing pensions is charged to the income and expenditure account over the period during which the Association benefits from the employees' services.

In December 2006, the Accounting Standards Board (ASB) made a number of changes to FRS17. This included a requirement to change the basis on which some pension scheme assets are valued. This year is the first year that asset values have had to be calculated on this basis and hence a prior year adjustment has been required. The essence of the change is that certain assets have to be stated at their realisable value (e.g bid value) rather than previously being valued at 'fair value' (mid-market). The change had reduced overall scheme asset values by approximately 0.2%.

#### d) Valuation of housing properties

Completed housing properties have been valued on the Existing Use Valuation for Social Housing (EUV-SH) basis and are revalued annually. A full revaluation takes place every five years, with 'desktop' valuations being completed in intervening years. The aggregate surplus on revaluation is the difference between the cost of the property less Social Housing Grant and the amount of the valuation. The cost of properties is their purchase price and construction costs together with capitalised repairs and incidental costs of acquisition and construction including interest payable. Interest payable is capitalised by applying the Association's average interest rate payable on borrowing used to fund development, to expenditure during the course of construction of property up to the date of practical completion.

Housing properties in the course of construction are stated at cost less Social Housing Grant and are transferred into housing properties when completed.

Housing properties in the course of construction are not depreciated. Housing properties are transferred to completed properties when they are ready for letting. Market rental properties are stated at open market valuation.

### *Impairment*

All properties are reviewed for impairment annually, and where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking into account any relevant capital grants.

e) **Depreciation of fixed assets including housing properties**

Depreciation is charged on all assets on a straight line basis over the expected useful economic life of the asset at the following annual rates:

Office property	2%
Housing properties: houses and flats	1%
Housing properties: sheltered schemes	2%
Plant and machinery	5%
Furniture and equipment	10%
Aids and adaptations	10%
Digital TV upgrades	10%
Office equipment	10% - 25%
Computer equipment	20% - 33⅓%

Leasehold property improvements are depreciated over the life of the lease.

Freehold land is not depreciated

Useful economic lives of all tangible fixed assets are reviewed annually.

Where possible, major components of housing properties such as lifts and alarm systems, have been accounted for and depreciated separately from the connected housing property.

f) **Sales of housing properties**

Sales of housing property are taken into account on legal completion of contracts. Due to the nature of the transfer agreement with Eden District Council, it is not possible to identify separately the original value of each property sold. Instead, an average value is eliminated from housing property and is charged to the income and expenditure account.

g) **Social Housing Grant (SHG) and other grants in advance/in arrears**

Where developments have been financed wholly or partly by capital grants, the cost of these developments has been reduced by the amount of grant received, prior to revaluing. Provision is made for the repayments of capital grants where the property is to be sold in the foreseeable future. Where capital grants received in advance has been used to fund expenditure on other developments which will in due course become eligible for capital grants or which will be financed by long term loans, it is deducted from the fixed asset cost. Capital grants in excess of the aggregate cost of such developments in the course of construction is included in short term creditors.

h) **Leases**

Where assets are financed by leasing agreements that give rights which approximate to ownership, ie finance leases, they are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments due during the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor. Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

i) **Supporting People**

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

j) **Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

k) **Taxation**

As the Association is non-charitable it is liable to Corporation Tax on any taxable surpluses and capital gains.

l) **Deferred Taxation**

The payment of taxation is deferred or accelerated because of timing difference between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision of deferred tax is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS19, deferred taxation is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

m) **Value Added Tax (VAT)**

The Association is registered for VAT but a large proportion of its income, including rents, are exempt for VAT purposes. The majority of its expenditure is subject to VAT which cannot be recovered, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities. Any VAT recovered is credited to the income and expenditure account as other income.

n) **Investments**

Investments are stated in the balance sheet at historic cost including accrued interest.

Following the requirements of the 2005 SORP, Homebuy loans are shown as investments less SHG financing the loans (see note 30 below).

o) **Homebuy**

Under the 'Homebuy' scheme, the Association lends a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. Upon sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of SHG. On repayment:

- (i) the SHG is recycled
- (ii) the SHG is written off, if a loss occurs
- (iii) the Association keeps any surplus.

p) **Basis of Consolidation**

The financial statements are Group statements and have been prepared by consolidating the results of the bodies within the Eden Housing Association Limited Group in accordance with Financial Reporting Standard 2 (FRS 2).

The bodies within the consolidation are:

**Registered under the Industrial and Provident Societies Act 1965:**

Eden Housing Association Limited

**Registered under the Companies Act 1985:**

Eden Property Developments Limited

Independence and Responsibility Agreements exist between the Group and the subsidiary, which are the basis for the Group structure and enable the Board of Directors to control the Group. Both entities have coterminous year ends.

q) **Development of new properties**

Directly attributable development team costs are capitalised in arriving at the cost of newly developed properties.

r) **Works to existing properties**

In accordance with the 2008 SORP, the Association has developed a policy for works to existing properties in terms of how amounts are to be capitalised:

- Eden capitalises works to existing housing properties where those works result in an enhancement of the economic benefits of the asset in excess of that anticipated when the asset was first acquired. This will normally be where the works are likely to increase the rental income either immediately or by an increase in the target rent of that unit;
- works that represent the replacement of a component of the property are capitalised but only after the cost of the replaced item has been fully depreciated. The component's cost is depreciated over the life of that component;
- a major refurbishment of a property is also capitalised providing the cost and any previously received capital grants in relation to the refurbished property is fully depreciated. In this case the refurbishment cost is added to the original property cost.

s) **Interest payable**

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- interest on borrowings specifically financing the development programme after deduction of interest on SHG in advance; or
- interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year. The interest payable in the year also includes the net financing cost of retirement benefits under FRS 17 as advised by the scheme's actuary on an annual basis.

- t) The Group uses embedded interest rate swaps to reduce its exposure to future increases in the interest rates on floating rate loans. Since these swaps are embedded into the Association's facility, these loans are treated as being fixed rate loans for disclosure purposes in note 18.

**Notes** *(continued)*

**2 Particulars of turnover, operating costs and operating surplus**

<b>Association</b>	<b>2009</b>			<b>2008 Restated</b>		
	Turnover £000	Operating costs £000	Operating surplus £000	Turnover £000	Operating costs £000	Operating surplus £000
<b>Social housing lettings (note 3a)</b>	<b>6,058</b>	<b>5,256</b>	<b>802</b>	5,705	5,422	283
<b>Other social housing activities</b>						
Supporting people	159	159	-	164	164	-
Other	258	258	-	233	233	-
	<u>6,475</u>	<u>5,673</u>	<u>802</u>	<u>6,102</u>	<u>5,819</u>	<u>283</u>
<b>Non-social housing activities (note 3b)</b>						
Lettings	51	10	41	46	20	26
Other	109	109	-	123	123	-
	<u>6,635</u>	<u>5,792</u>	<u>843</u>	<u>6,271</u>	<u>5,962</u>	<u>309</u>
<b>Development sales</b>						
Market sales	-	-	-	125	91	34
Shared ownership sales	281	252	29	1,271	1,136	135
Shared equity sales	-	-	-	249	235	14
	<u>6,916</u>	<u>6,044</u>	<u>872</u>	<u>7,916</u>	<u>7,424</u>	<u>492</u>

The Group figure for turnover in 2009 is as stated above, whereas operating costs are £1,000 higher in the Group accounts. In 2008, Group turnover was as stated above. Operating costs were £2,000 higher.

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<b>3a) Particulars of income from social housing lettings</b>	<b>General needs housing £000</b>	<b>Housing for older people £000</b>	<b>Low cost home ownership £000</b>	<b>Other £000</b>	<b>Total 2009 £000</b>	<b>Total 2008 £000</b>
Rents receivable net of identifiable service charges	5,428	428	80	-	5,936	5,592
Service income	20	84	9	9	122	113
Charges for support services	-	-	-	-	-	-
<b>Net rental income</b>	<b>5,448</b>	<b>512</b>	<b>89</b>	<b>9</b>	<b>6,058</b>	<b>5,705</b>
Revenue grants	-	-	-	-	-	-
<b>Turnover from social housing lettings</b>	<b>5,448</b>	<b>512</b>	<b>89</b>	<b>9</b>	<b>6,058</b>	<b>5,705</b>
Management	1,776	174	92	-	2,037	1,992
Services	28	95	-	-	123	105
Routine maintenance	1,231	105	16	1	1,353	1,271
Planned maintenance	974	95	51	-	1,120	1,405
Bad debts	-	-	-	-	-	27
Property lease charges	-	-	-	8	8	15
Depreciation of housing properties	405	40	21	-	475	457
Other depreciation	125	12	7	-	140	150
<b>Operating costs on social housing lettings</b>	<b>4,539</b>	<b>521</b>	<b>187</b>	<b>9</b>	<b>5,256</b>	<b>5,422</b>
Operating surplus/(deficit) on letting activities	909	(9)	(98)	-	802	283
Void losses (deducted in arriving at net rental income)	38	29	-	-	67	73
<b>3b) Particulars of income from non-social housing lettings</b>	<b>2009 £000</b>	<b>2008 £000</b>				
Market renting	41	36				
Commercial property	10	10				
Other	109	123				
	<b>160</b>	<b>169</b>				
Market sales	-	125				
Shared ownership sales	281	1,271				
Shared equity sales	-	249				
	<b>441</b>	<b>1,814</b>				

Notes (continued)

**4 Surplus/(deficit) on sale of fixed assets (Association and Group)**

	Proceeds of sale £000	Attributable costs £000	Surplus/ (deficit) £000
Right to Buy (RTB) sales	-	-	-
Other sales	-	-	-
<b>Total 2009</b>	-	-	-
Total 2008	113	(116)	(3)

'Right to Buy' attributable costs include the carrying value of the properties sold, Eden District Council's share of proceeds under the 'Right to Buy' sharing agreement, legal, valuation and any other appropriate expenses.

**5 Interest receivable and other income (Association and Group)**

	Group		Association	
	2009 £000	2008 £000	2009 £000	2008 £000
Bank interest receivable	6	9	5	7
Income from unlisted investments	25	31	25	31
	31	40	30	38

**6 Interest payable and similar charges (Association and Group)**

	2009 £000	2008 £000
On loans and overdrafts repayable wholly within 5 years	594	419
On loans repayable in more than five years	1,217	1,370
Pension scheme finance costs	101	38
Less : interest capitalised in housing property costs	(163)	(27)
	1,749	1,800

A weighted average cost of borrowing of 5.68% (2008: 5.93%) was used for calculating capitalised interest.

Notes (continued)

**7 Deficit on ordinary activities before taxation**

	<b>Group</b>		<b>Association</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>£000</b>	£000	<b>£000</b>	£000
Is stated after charging				
<b>Depreciation</b>				
- housing properties	<b>475</b>	468	<b>475</b>	468
- owned assets	<b>140</b>	141	<b>144</b>	141
<b>Operating lease rentals:</b>				
- motor vehicles	<b>31</b>	35	<b>31</b>	35
- housing properties	<b>22</b>	9	<b>22</b>	2
- office equipment	<b>3</b>	2	<b>3</b>	9
<b>Auditors remuneration (including VAT):</b>				
- in their capacity as auditors	<b>16</b>	17	<b>15</b>	16
- in respect of other services	<b>4</b>	2	<b>4</b>	2

**8 Directors' emoluments (Association and Group)**

The directors are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £40,000 per annum. None of the members of the Board received any emoluments.

	<b>2009</b>	2008
	<b>£000</b>	£000
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	<u><b>232</b></u>	<u>220</u>
Emoluments payable to the highest paid directors (excluding pension contributions but including benefits in kind)	<u><b>81</b></u>	<u>77</u>

**9 Employee information (Association and Group)**

	<b>2009</b>	2008
	<b>number</b>	number
The average monthly number of persons employed during the year, expressed in equivalent full time employees, was:		
Office staff	<b>51.3</b>	50.2
Sheltered scheme staff	<b>10.7</b>	10.1
	<u><b>62.0</b></u>	<u>60.3</u>

Notes (continued)

**10 Staff costs**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Salaries	1,748	1,572
Social security costs	126	118
Pension costs	203	151
Total staff costs	<b>2,077</b>	<b>1,841</b>

The above totals include development department costs capitalised of £198,000 (2008: £181,000) and IT department costs capitalised of £8,000 (2008: £nil). Pension costs relate to employer's contributions payable in respect of the year, rather than the full service cost charged to the income and expenditure account in accordance with FRS 17.

**11 Taxation on deficit on ordinary activities**

**a) Analysis of charge for the year**

	Group		Association	
	2009	2008	2009	2008
	£000	£000	£000	£000
<b>Current tax</b>				
UK Corporation tax	-	-	-	-
<b>Deferred tax</b>				
Reduction in deferred taxation	-	-	-	-
Charge for the year	-	-	-	-

**b) Factors effecting tax charge for the year**

	Group		Association	
	2009	Restated 2008	2009	Restated 2008
	£000	£000	£000	£000
The differences are explained below:				
Deficit on ordinary activities before tax	<u>(847)</u>	<u>(1,273)</u>	<u>(847)</u>	<u>(1,273)</u>
Deficit multiplied by standard rate of Corporation Tax of 30% (2008: 30%)	(254)	(382)	(254)	(382)
Effects of:				
Losses not recognised in deferred tax	254	382	254	382
Current tax charge for the year	-	-	-	-

Notes (continued)

**12 Fixed asset housing properties (Association and Group)**

	Completed housing properties held for letting	Housing properties under construction	Total housing properties
	£000	£000	£000
<b>Valuation/cost</b>			
At 31 March 2008 (Restated)	64,392	2,852	67,244
Additions	105	3,285	3,390
Transferred from current assets	163	915	1,078
Schemes completed	5,969	(5,969)	-
Property sales	(252)	-	(252)
Transferred to current assets	(1,079)	-	(1,079)
Amounts written off to income & expenditure account	-	(26)	(26)
Revaluation	<u>13,991</u>	<u>-</u>	<u>13,991</u>
At 31 March 2009	<u>83,289</u>	<u>1,057</u>	<u>84,346</u>
<b>Depreciation</b>			
At 31 March 2008	2,805	-	2,805
Depreciation charge for the year	475	-	475
Eliminated in respect of disposals	-	-	-
At 31 March 2009	<u>3,280</u>	<u>-</u>	<u>3,280</u>
<b>Social Housing Grant</b>			
At 31 March 2008	11,846	1,428	13,274
Additions	130	1,270	1,400
Disposals	-	-	-
Schemes completed	<u>1,996</u>	<u>(1,996)</u>	<u>-</u>
At 31 March 2009	<u>13,972</u>	<u>702</u>	<u>14,674</u>
<b>Other Capital Grants</b>			
At 31 March 2008	536	195	731
Additions	-	424	424
Disposals	-	-	-
Schemes completed	<u>327</u>	<u>(327)</u>	<u>-</u>
At 31 March 2009	<u>863</u>	<u>292</u>	<u>1,155</u>
<b>Net book value</b>			
At 31 March 2009	<u>65,174</u>	<u>63</u>	<u>65,237</u>
At 31 March 2008 (Restated)	<u>49,205</u>	<u>1,229</u>	<u>50,434</u>

Completed housing properties held for letting are carried at valuation whereas housing properties under construction are stated at cost.

£105,000 of works to existing properties have been capitalised during the year (2008: £43,000). Planned maintenance expenditure of £1,120,000 has been charged to revenue during the year (2008: £1,405,000).

**Notes** *(continued)*

**12 Fixed asset housing properties (Association and Group)** *(continued)*

	<b>Completed housing properties held for letting</b>	<b>Housing properties under construction</b>	<b>Total housing properties</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation at 31 March 2009 is represented by:</b>			
Gross cost	41,994	1,057	43,051
Revaluation surplus	41,295	-	41,295
At 31 March 2009	83,289	1,057	84,346
Social Housing Grant	13,972	702	14,674
Other Capital Grants	863	292	1,155
Depreciation	3,280	-	3,280
At 31 March 2009	18,115	994	19,109
<b>Net book value</b>			
At 31 March 2009	65,174	63	65,237
At 31 March 2008 (Restated)	49,205	1,229	50,434

**Valuation**

The above housing properties were revalued at Existing Use Value – Social Housing (“EUV – SH”) in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, on the basis that the properties were tenanted and managed under the terms of the former Housing Corporation’s Tenant’s Guarantee.

EUV – SH assumes that a mortgagee in possession will not sell vacant units, but instead will sell the entire stock to another approved landlord.

The total amount of Social Housing Grant receivable at 31 March 2009; comprising both revenue and capital grants amounts to £135,000 (2008: £502,000).

Notes (continued)

**13 Other tangible fixed assets (Association and Group)**

	<b>Fixtures and fittings £000</b>	<b>Furniture and equipment £000</b>	<b>Computer equipment £000</b>	<b>Office premises £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 31 March 2008	322	104	749	997	2,172
Additions	1	2	72	5	80
Disposals	-	(11)	(11)	-	(22)
At 31 March 2009	<u>323</u>	<u>95</u>	<u>810</u>	<u>1,002</u>	<u>2,230</u>
<b>Depreciation</b>					
At 31 March 2008	164	70	588	74	896
Charge for the year	31	10	82	17	140
Eliminated on disposals	-	(11)	(11)	-	(22)
At 31 March 2009	<u>195</u>	<u>69</u>	<u>659</u>	<u>91</u>	<u>1,014</u>
<b>Impairment</b>					
At 31 March 2008	-	-	-	11	11
Revaluation	-	-	-	-	-
At 31 March 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
<b>Net book value:</b>					
<b>At 31 March 2009</b>	<u>128</u>	<u>26</u>	<u>151</u>	<u>900</u>	<u>1,205</u>
At 31 March 2008	<u>158</u>	<u>34</u>	<u>161</u>	<u>912</u>	<u>1,265</u>

**14 Properties for sale (Association and Group)**

	<b>2009 £000</b>	<b>Restated 2008 £000</b>
Properties for sale	<u>1,079</u>	<u>1,078</u>

Notes (continued)

**15 Debtors**

	Group		Association	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts receivable within one year:				
Arrears of rent and service charges	168	211	168	211
Less: provision for bad and doubtful debts	(59)	(44)	(59)	(44)
	109	167	109	167
Trade debtors	28	37	28	37
Other debtors	2	1	2	1
Prepayments and accrued income	563	882	563	882
VAT recoverable	35	14	-	-
Loan to related party	350	-	350	-
	1,087	1,101	1,052	1,087

**16 Current asset investments (Association and Group)**

	2009 £000	2008 £000
Unlisted investments (at cost)	2,417	101

All current asset investments are loans to approved financial institutions. The money invested is available on call.

**17 Creditors**

	Group		Association	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>Amounts falling due within one year:</b>				
Trade creditors	783	928	750	908
Rent and service charges in advance	52	112	52	112
Social Housing Grant in advance	2,723	140	2,723	140
VAT and Social Security costs	10	52	10	52
Other creditors	270	244	270	244
Accruals and deferred income	617	656	608	654
Right To Buy clawback payable to Eden District Council	-	88	-	88
	4,455	2,220	4,413	2,198
Bank overdraft	5	4	5	4
	4,460	2,224	4,418	2,202

Notes (continued)

**Disposal Proceeds Fund (DPF)/Recycled Capital Grants Fund (RCGF) [contained in 'Other Creditors']**

	<b>DPF</b>	<b>RCGF</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April 2008	132	75
Inputs to reserve:		
Grants recycled	-	70
Interest accrued	-	5
New build	-	(72)
Major repairs/works to existing stock	-	-
Other	-	-
Repayment of grant to the Housing Corporation	-	-
Closing balance at 31 March 2009	132	78

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

	<b>Group</b>		<b>Association</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing loans (see note 18)	34,200	33,600	34,200	33,600
Unamortised loan fee	(166)	(107)	(166)	(107)
	34,034	33,493	34,034	33,493
Refinancing costs	1,747	1,859	1,747	1,859
	35,781	35,352	35,781	35,352

**18 Housing Loans (Association and Group)**

Housing loans from Barclays Bank Plc are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest as follows:

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Between one and two years	3,000	-
Between two and five years	3,000	3,000
After five years	28,200	30,600
	34,200	33,600
Due within one year	-	-
	34,200	33,600

None of the loans are repayable in instalments.

Notes (continued)

The interest rate profile of the Association was:

	Variable rate £000	Fixed rate £000	Total £000	Weighted average rate %	Weighted average term of fixed rate loans Years
At 31 March 2009	8,200	26,000	34,200	5.681%	11.8
At 31 March 2008	7,600	26,000	33,600	5.926%	12.8

At 31 March, the Association had the following borrowing facilities:

	2009 £000	2008 £000
Committed facilities	34,200	33,600
Undrawn facilities	5,800	6,400
	<u>40,000</u>	<u>40,000</u>

**19 Share capital**

	2009 £	2008 £
Shares of £1 each issued and fully paid		
At beginning of year	12	13
Issued during year	5	-
Cancelled in year	(4)	(1)
At end of year	<u>13</u>	<u>12</u>

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

**20 a) Reserves (Association)**

	Revenue reserve £000	Revaluation reserve £000
At beginning of year (Restated)	(11,176)	27,304
Deficit for the year	(847)	-
Transfers between income and expenditure account and revaluation reserve	-	-
Revaluation	-	13,991
Decrease/(increase) in net pension liability	627	-
At end of year	<u>(11,396)</u>	<u>41,295</u>

Notes (continued)

**b) Reserves (Group)**

	<b>Revenue reserve £000</b>	<b>Revaluation reserve £000</b>
At beginning of year (Restated)	(11,174)	27,304
Deficit for the year	<b>(847)</b>	-
Transfers between income and expenditure account and revaluation reserve	-	-
Revaluation	-	<b>13,991</b>
Decrease/(increase) in net pension liability	<b>627</b>	-
At end of year	<u><u><b>(11,394)</b></u></u>	<u><u><b>41,295</b></u></u>

**21 Notes to the consolidated cashflow statement**

**(a) Reconciliation of operating surplus to net cash inflow from operating activities**

	<b>2009 £000</b>	<b>Restated 2008 £000</b>
Operating surplus	<b>871</b>	490
Prior year adjustment	-	(149)
Depreciation charge	<b>619</b>	609
Decrease/(increase) in debtors	<b>(14)</b>	(351)
(Decrease)/increase in creditors	<b>(766)</b>	2,179
	<u><b>710</b></u>	<u>2,778</u>

**(b) Reconciliation of net cash inflow to movement in net debt**

	<b>2009 £000</b>	<b>2008 £000</b>
Decrease/(increase) in cash in the year	<b>1,099</b>	(1,349)
Inflow from financing	<b>600</b>	2,650
Cash outflow (inflow) from (increase)/decrease in liquid resources	<b>2,276</b>	(1,035)
Change in net debt	<b>3,975</b>	266
Net debt at beginning of year	<u><b>30,005</b></u>	<u>29,739</u>
Net debt at end of year	<u><u><b>33,980</b></u></u>	<u><u>30,005</u></u>

	<b>At 31 March 2008 £000</b>	<b>Cashflows £000</b>	<b>At 31 March 2009 £000</b>
Cash at bank and in hand	1,457	(1,098)	<b>359</b>
Bank overdrafts	(4)	(1)	<b>(5)</b>
	<u>1,453</u>	<u>(1,099)</u>	<u><b>354</b></u>
Debt due after one year	<u>33,600</u>	<u>600</u>	<u><b>34,200</b></u>
Current asset investments	<u>101</u>	<u>2,316</u>	<u><b>2,417</b></u>

Notes (continued)

**22 Capital commitments (Association and Group)**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Contracted less certified	3,095	1,462
Authorised by the Board but not contracted for	-	-
	<b>3,095</b>	<b>1,462</b>
The Association expects to finance the above commitments by:		
Loan facilities agreed	1,460	1,422
Social Housing Grant receivable	1,635	40
	<b>3,095</b>	<b>1,462</b>

**23 Operating lease commitments (Association and Group)**

There are annual commitments under non-cancellable operating leases as follows:

	2009		2008	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire from the balance sheet date:				
Within one year	-	19	-	3
In one to two years	-	9	-	50
In two to five years	87	24	74	20
	<b>87</b>	<b>24</b>	<b>74</b>	<b>20</b>
	<b>87</b>	<b>52</b>	<b>74</b>	<b>73</b>

**24 Provisions for liabilities and charges (Association and Group)**

	<b>2009</b>	<b>Restated 2008</b>
	<b>£000</b>	<b>£000</b>
Pension liability	1,242	1,730
	<b>1,242</b>	<b>1,730</b>

The Association has a deferred tax asset.

This is due to the tax written down value of relevant assets being in excess of their net book value and due to tax losses to carry forward.

A deferred tax asset has not been accounted for, as it is not expected to crystallise in the next few years.

**25 Contingent liabilities (Association and Group)**

There are no contingent liabilities at the balance sheet date.

**26 Related party transactions (Association and Group)**

The Board of Management includes up to five members who are also tenants of the Association. The tenancies relating to these individuals are on the same terms as those offered to other tenants of the Association. The tenant Board Members are not able to use their position to their advantage.

One member of the Board of Management, Neil Hughes, is a councillor with Eden District Council. Eden District Council has nomination rights over certain properties. All transactions with the Council are on normal commercial terms and Neil Hughes is not able to use his position to his advantage.

**Notes (continued)**

A short term loan was made to Mitre Housing Association on 25 March 2009. Eden Housing Association has acted as managing agents on behalf of Mitre Housing Association for a number of years. The loan of £350,000 is disclosed under debtors. The loan has been made under normal commercial terms and is repayable upon demand.

**27 Pension arrangements (Association and Group)**

**a) Local Government Pension Scheme (LGPS)**

During the year the Association participated in the Local Government Pension Scheme administered by Cumbria County Council. The scheme is a defined benefits scheme, with the assets held in a separately administered fund.

The total pension cost for the Association in the year was £194,000 (2008: £182,000). The pension cost has been assessed in accordance with the advice of a qualified actuary, using the projected unit method of valuation in a triennial review of the scheme as at 31 March 2007.

The Association joined the fund in its own right as an admitted body on 22 September 1997.

Contributions to the scheme of £nil remained unpaid at the year end. The pensions charge recorded by the Association during the year was equal to the contributions payable, taking into account benefit changes subsequent to the valuation and then spreading of the deficit over future service lives of employees.

The employer's contribution rate was 14.2% (2008: 13.1%). From 1 April 2008, the employer's contribution rate increased to 14.2%, following the triennial review carried out by the scheme's actuary. Further increases in employer's contribution rates will take place over the next two years. The rates will increase to 15.0% and 15.9% from 1 April 2009 and 1 April 2010 respectively.

The Chief Executive and the other executive Directors are ordinary members of this pension scheme. No enhancements or special terms relate to their pension arrangements. The Association makes no contributions to any individual pension arrangements for the Chief Executive, executive Directors or any other employees.

**Financial Reporting Standard 17 – Retirement Benefits**

The Local Government Pension Scheme administered by Cumbria County Council is a multi-employer scheme where the share of assets and liabilities applicable to each employer should be able to be identified.

**i) Balance sheet items**

	<b>2009</b>	<b>Restated</b>
	<b>£000</b>	<b>2008</b>
		<b>£000</b>
Fair value of assets	<b>2,567</b>	2,942
Liabilities	<b>(3,809)</b>	<u>(4,672)</u>
Deficit	<b>(1,242)</b>	<u>(1,730)</u>

**ii) Additional disclosure in respect of investments**

	<b>2009</b>		<b>Restated</b>	
			<b>2008</b>	
	<b>£000</b>		<b>£000</b>	
Equities	<b>1,276</b>	<b>49.7%</b>	1,616	54.9%
Government bonds	<b>526</b>	<b>20.5%</b>	585	19.9%
Other bonds	<b>228</b>	<b>8.9%</b>	303	10.3%
Property	<b>162</b>	<b>6.3%</b>	215	7.3%
Cash/Liquid Assets	<b>59</b>	<b>2.3%</b>	135	4.6%
Other	<b>316</b>	<b>12.3%</b>	<u>88</u>	<u>3.0%</u>
	<b><u>2,567</u></b>	<b><u>100%</u></b>	<u>2,942</u>	<u>100%</u>

Notes (continued)

**ii) Movement in deficit during the year**

	<b>2009</b>	<b>Restated</b>
	<b>£000</b>	<b>2008</b>
		<b>£000</b>
Deficit at start of period	(1,730)	(1,176)
Current service cost	(194)	(182)
Employer contributions	156	147
Past service cost/curtailment/settlement (cost)/gain	-	(53)
Net interest on assets	(101)	(38)
Actuarial gain/(loss)	<u>627</u>	<u>(428)</u>
Deficit at end of period	<u>(1,242)</u>	<u>(1,730)</u>

**iv) Revenue items**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
<b>OPERATING</b>	<b>(194)</b>	
Current service cost	-	(182)
Past service gain (cost)	-	(53)
Curtailment gain (cost)	-	-
Settlement gain (loss)	<u>-</u>	<u>-</u>
Total cost	<u>(194)</u>	<u>(235)</u>
<b>FINANCE</b>		
Expected return on assets	191	180
Interest on pension liabilities	<u>(292)</u>	<u>(218)</u>
Net cost	<u>(101)</u>	<u>(38)</u>

**v) Statement of actuarial gains**

	<b>£000</b>		<b>£000</b>	
Asset loss	(748)	(29.12% of assets)	(170)	(5.8% of assets)
Liability gain/(loss)	1,375	(36.1% of liabilities)	(258)	(5.8% of liabilities)
Change in assumptions	<u>(0)</u>	(0% of liabilities)	<u>(0)</u>	(0% of liabilities)
Net gain/(loss)	<u>627</u>	(16.5% of liabilities)	<u>(428)</u>	(9.2% of liabilities)

**vi) Actuarial assumptions**

<b>Financial assumptions</b>	<b>2009</b>	<b>2008</b>
Rate of inflation	3.3%	3.6%
Rate of increase in salaries	5.05%	5.35%
Rate of increase in pensions	3.3%	3.6%
Discount rate	7.1%	6.1%
<b>Expected return on assets</b>		
Equities	7.5%	7.5%
Government bonds	4.0%	4.6%
Other bonds	6.0%	6.1%
Property	6.5%	6.5%
Cash/Liquid Assets	0.5%	5.25%
Other	7.5%	7.5%

Percentages quoted above are in respect of period and assets or liabilities.

Notes (continued)

<b>Split between investment categories</b>	<b>31 March 2009</b>	<b>31 March 2008</b>
	%	%
Equities	54.9	49.7
Government bonds	19.9	20.5
Other bonds	10.3	8.9
Property	7.3	6.3
Cash/Liquid Assets	4.6	2.3
Other	3.0	12.3
	<hr style="width: 100%; border: 0.5px solid black;"/> 100%	<hr style="width: 100%; border: 0.5px solid black;"/> 100%
 <b>Post retirement monthly assumptions</b>		
of a male (female) future pensioner aged 65 in 20 years time	22.2 (25.0) years	22.2 (25.0) years
of a male (female) current pensioner aged 65	21.1 (24) years	21.2 (24.0) years
 <b>Commutation of lump sum at retirement</b>		
	50% take maximum cash	50% take <sup>3</sup> / <sub>80</sub> 's cash
 <b>Market value of total fund assets (millions)</b>		
	£1,194	£992

**Other assumptions**

Deferred taxation has been ignored.

Compensatory added years benefits which are recharged to the employer have been included in the liabilities and contributions for the purpose of FRS 17 calculations.

The above expected returns are gross of expenses. A deduction of 0.31% in respect of expenses is made in calculating the expected return for the year.

In December 2006 the Accounting Standards Board made a number of changes to the FRS 17 accounting standard.

In the main these changes related to the presentation of the figures and the disclosures rather than the underlying calculations themselves.

However, they did also include a requirement for most assets to be valued at "realisable values" (i.e. bid values), as opposed to the previous requirement of "fair values" (in effect mid market values).

The effect of the change is shown in note 31, Prior Year Adjustments.

**27b) Social Housing Pension Scheme (Association and Group)**

Eden Housing Association Limited participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

**Notes** (continued)

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

Final salary with a 1/60<sup>th</sup> accrual rate.

Final salary with a 1/70<sup>th</sup> accrual rate.

Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.

An employer can elect to operate 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.

Eden Housing Association Limited has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate, benefit structure for active members as at 31 March 2007 and the career average revalued earnings with a 1/60<sup>th</sup> accrual rate benefit structure for new entrants from 1 April 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate

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

During the accounting period Eden Housing Association Limited paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age.

As at the balance sheet date there were two active members of the Scheme employed by Eden Housing Association Limited. Eden Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £747 million and indicated a surplus of assets compared to liabilities to approximately £2 million, equivalent to a funding level of 100.2%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

**Notes** (continued)

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% pa
- Investment return pre retirement	7.2
- Investment return post retirement	4.8
- Rate of salary increases to 30 September 2010	5.0
- Rate of salary increases from 1 October 2010	4.0
- Rate of pension increases	2.5
- Rate of price inflation	2.5

The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	20.4	23.3
Pensioners	19.4	22.4

The long-term joint contribution rates 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 a 1/60 <sup>th</sup> accrual rate	17.6
Final salary with a 1/70 <sup>th</sup> accrual rate	15.3
Career average revalued earnings with a 1/60 <sup>th</sup> accrual rate	14.1

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.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

With effect from 1 April 2007 the employer and employee contribution rates for Eden Housing Association Limited will be 14.1% and 6.4% to 8.4% of pensionable salaries respectively for the final salary.

With effect from 1 April 2007, the employer and employee contribution rates for Eden Housing Association Limited will be 12.3% and 4.7% to 6.7% respectively for the career averaged revalued earnings scheme.

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

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 SHPS Scheme.

**Notes** (continued)

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

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

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

The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008.

As a result of pension legislation, there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the scheme as a whole is calculated by comparing the liabilities for the scheme (calculated on a buyout basis i.e the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the scheme. If the liabilities exceed assets there is a buyout debt.

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

Eden has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the scheme as at 31 March 2009. As of this date the estimated employer debt for Eden was £3,000 (31 March 2008:£3,000).

The debt in respect of Eden Housing Association Limited as at September 2005 was £nil.

**28 Legislative provisions (Association and Group)**

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority as a Registered Housing Provider (RHP) as defined by the Housing Act 1996.

Eden Property Developments Limited is a company limited by shares registered with the Registrar of Companies. It is not a Registered Social Landlord.

**Notes** (continued)

**29 a) Social housing units in management (Association and Group)**

	<b>2009</b>	<b>2008</b>
At beginning of year	1,538	1,509
Units sold under RTB	-	(1)
Units sold under RTA	-	(1)
Voluntary sales	-	-
Demolished	-	-
New units brought into management	<u>41</u>	<u>31</u>
At end of year	<u>1,579</u>	<u>1,538</u>
Average units in management during the year	<u>1,559</u>	<u>1,523</u>

**b) Social housing units in development (Association and Group)**

	<b>2009</b>	<b>2008</b>
At beginning of year	43	28
Started in the year	19	46
Completed and brought into management in the year	<u>(40)</u>	<u>(31)</u>
At end of year	<u>22</u>	<u>43</u>

In addition, the Association owns and manages nine market rental units (2008: nine units). It also manages six properties, which are leased from private landlords (2008: four properties).

Since October 2003, the Association has also acted as managing agents for Mitre Housing Association, managing their entire housing stock. This comprised of 140 units as at 31 March 2009 (2008: 138 units).

From 1 August 2008, the Association became managing agents for Allonby Almshouses, managing their entire stock of 10 units.

Also from 1 January 2009, the Association became the managing agents for Lowther & District HA, managing their entire stock of 99 units.

**30 Homebuy scheme (Association and Group)**

During the year the Association made nine new loans (2008: 22), under the Homebuy scheme. The cumulative amount of loans made under this scheme and SHG received at the balance sheet date is £1,282,134 (2008: £1,084,849).

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Homebuy loans granted	197	454
SHG received	<u>(197)</u>	<u>(454)</u>
Net investment	<u>Nil</u>	<u>Nil</u>

**31 Prior year adjustments**

**a) In respect of the change in accounting for first tranche sales in accordance with SORP 2008.**

The previous SORP (2005) recommended that first tranche sale proceeds be credited against shared ownership properties classified as fixed assets.

**Notes** (continued)

The latest SORP (2008) treatment requires an appropriate proportion of development cost, representing first tranche development to be accounted for as current assets and the related sales proceeds shown in turnover. The remaining proportion of property development costs are accounted for as fixed assets with any subsequent sale treated as a disposal of fixed assets.

The effect of the change in accounting policy is an increase in the group's and Association's turnover for the year ending 31 March 2008 of £1,520,000 and an increase in the cost of sales of £1,371,000. Consequently, the surplus for the year (before and after tax) increases by £149,000. The cumulative effect on reserves is an increase of £433,000.

	Cumulative prior year adjustment to 31 March 2007 £000	Prior year adjustment for 2007/08 £000	Cumulative prior year adjustment to 31 March 2008 £000
<b>Group and Association</b>			
<b>Shared ownership first tranche sales</b>			
Turnover-proceeds of first tranche sales	2,346	1,520	3,866
Cost of sales	<u>(2,062)</u>	<u>(1,371)</u>	<u>(3,433)</u>
Surplus	<u>284</u>	<u>149</u>	<u>433</u>
<b>Revenue Reserves</b>			
Revenue reserves at 31 March as previously stated	(10,221)		(11,609)
Add: surplus on first tranche sales	284	149	433
Less: corporation tax	<u>(-)</u>	(-)	<u>(-)</u>
Revenue reserves at 31 March as restated	<u>(9,937)</u>		<u>(11,176)</u>
<b>Revaluation Reserves</b>			
Revaluation reserves at 31 March as previously stated	24,456		27,737
Less: surplus on first tranche sales	<u>(284)</u>	149	<u>(433)</u>
Revaluation reserves as at 31 March as restated	<u>24,172</u>		<u>27,304</u>

The prior year adjustment to current asset balances for the Group and Association for the year ended 31 March 2008 is an increase of £1,078,000, being the transfer of the shared ownership first tranche proportion from fixed assets to current assets.

**Notes** *(continued)*

The impact of the adjustment on completed shared ownership properties within housing property balances is shown below:

	<b>Cumulative prior year adjustment to 31 March 2007 £000</b>	<b>Prior year adjustment for 2007/08 £000</b>	<b>Cumulative prior year adjustment to 31 March 2008 £000</b>
<b>Group and Association</b>			
<b>Tangible fixed assets – properties at valuation</b>			
At 31 March as previously stated	48,378		27,737
Add: accumulated first tranche sales from prior years	2,346	1,520	3,866
Less: first tranche amounts held as current assets	(2,062)	(1,371)	(3,433)
Less: adjustment to revaluation re change in attributable costs	(284)	(149)	(433)
At 31 March as stated	48,378		27,737