
ORIGIN HOUSING LIMITED

(FORMERLY ST PANCRAS &
HUMANIST HOUSING ASSOCIATION
LIMITED)

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2011

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BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board Members

Chair Colin Sherriff (appointed 1 April 2010)
Vice Chair Alison Lowton

Other Members Paul Dack (resigned 13 December 2010)
Phillip Dawson
Karen Wilson
Nicole Njie (resigned 1 April 2010)
Paulette Rose
John Toomey (resigned 1 April 2010)
Pat Rushton (resigned 1 April 2010)
Peter Davey (resigned 1 April 2010)
Michael Dear (appointed 1 April 2010)
Mike De'Ath (appointed 1 April 2010)
David Fryman (appointed 1 April 2010)
Richard Mais (appointed 1 April 2010)
Suzanne Davies (appointed 26 August 2010)
Jolyon Griffiths (appointed 26 August 2010)

Chair of Audit, Risk & Scrutiny Committee Richard Mais

Chair of Remuneration,
Selection & Nominations Committee Alison Lowton
Chair of Investment Committee Mike De'Ath

Executive Directors

Chief Executive Karen Wilson
Finance & ICS Director Chris Trebilcock
Director of Development Gareth Jones
Housing Services Director Kate Farley (resigned 29 July 2011)
Care & Support Services Director Cathy McCarthy

Registered office St Richards House
110 Eversholt Street
London NW1 1BS

Registered number Registered as a charitable social landlord under the Industrial and
Provident Societies Acts, No: 10008R

Registered by the Tenant Services Authority, No: L0871

Auditors BDO LLP
Emerald House
East Street
Epsom, Surrey
KT17 1HS

Internal Auditors Beever & Struthers
Alperton House
Bridgewater Road,
Wembley
Middlesex HA0 1EH

Principal Solicitors Trowers & Hamlins
Sceptre Court, 40 Tower Hill,
London, EC3N 4DX

Bankers Royal Bank of Scotland
189-191 Camden High Street
London NW1 7BP

REPORT OF THE BOARD

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2011.

Principal activities

Origin Housing Limited ('the Association') is a charitable registered provider of social housing administered by a voluntary board. The Association's principal activities are the development and management of housing (affordable, sheltered, keyworker, shared ownership, rent to homebuy, leasehold); the provision of care services; and the provision of administration and support services to subsidiaries. 'The Group' consists of the Association and the subsidiaries listed in note 14, 'Investment in subsidiaries', to the financial statements. The activities of the Group are detailed in the Operating and Financial Review on pages 7 to 11 of the financial statements.

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.

Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority as a social landlord.

Housing property assets

Details of changes to the Group's housing property assets are shown in note 11 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Reserves

After transfer of the surplus for the year of £1.2m (2010: £8.6m), at the year-end Group reserves amounted to £73.7m (2010: £72.5m).

Donations

The Group did not make any donations during this or the previous financial year.

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.

Financial instruments

The Group's approach to financial risk management is outlined in the Operating and Financial Review.

Employees

The strength of the Group lies in the quality of all its employees. In particular, our ability to meet our objectives and commitments to tenants in an efficient and effective 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 senior management team and staff.

We are committed to equal opportunities and in particular we support the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group.

Severance and Redundancy Payments

The total severance and redundancy payments made during the year were £119,153 (2010: £53,577) relating to 12 (2010: 7) individuals.

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.

Board members and executive directors

The board members and the executive directors of the Group together with changes that have occurred during the year are set out on page 1. The board members are drawn from a wide background bringing together professional, commercial and local experience.

Group insurance policies indemnify board members and officers against liability when acting for the Group.

Service contracts

The chief executive is appointed on a permanent contract on 6 months notice. The other executive directors are employed on 3 months notice. Details of the executive directors' remuneration packages are included in note 9 to the audited financial statements.

REPORT OF THE BOARD (CONTINUED)

Pensions

The executive directors and other senior staff are members of the Social Housing Pension Scheme defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other eligible staff. The Association contributes to the scheme on behalf of its employees. The details of the scheme are explained in note 8 to the accounts.

Directors' Interests

Origin maintains a Register of Interests for the directors. Those directors with registered interests are listed below, all other directors have no registered interests:

Name	Membership of registered provider of social housing	Directorships of companies (public and private)	Offices in voluntary, other public organisations	Interest in other organisations receiving/ providing services to Origin
Paul Dack	<i>Joseph Rowntree Foundation incorporating Joseph Rowntree Housing Trust</i>	<i>New Earswick Community Trading Company Ltd</i>	<i>Trustee – Hartings Oaks Charitable Trust</i>	<i>None</i>
Peter Davey	<i>None</i>	<i>Thames Reach HA Interchange Trust Hamden Trust Stonewell HA Edward Carpenter Community Trust</i>	<i>None</i>	<i>None</i>
Suzanne Davies	<i>None</i>	<i>Linden Chase Residents Ltd London Early Year Foundation</i>	<i>Chair – Friends of Bromley valley Gymnastics Club</i>	<i>None</i>
Phillip Dawson	<i>None</i>	<i>Fraser Brown Mackenna Ltd (architects working within the social housing sector) Esca Properties Ltd</i>	<i>Community Governor, Walker Primary School, Southgate Trustee, Southgate Cultural Fund Trustee Member of the Parochial Church Council of Christ Church, Southgate Secretary of Enfield Talking Newspaper for the Blind</i>	<i>Partner is a Councillor of LB Enfield and Deputy Leader of the opposition</i>
Michael Dear	<i>None</i>	<i>None</i>	<i>Committee Member Flamstead Astronomical Society Parish Councillor Little Chalfont (Independent)</i>	<i>None</i>
Mike De'Ath	<i>None</i>	<i>Director HTA Architects</i>	<i>None</i>	<i>Architects appointed by McCann/Buglav on Gilbert Street through previous RSL relationship</i>
Jolyon Griffiths	<i>None</i>	<i>Casnou Ltd Noucas Ltd The Golden Sabre Ltd Pacific Systems Ltd The Colour of Water Ltd Muse Capital Ltd Bacchus Wine Closures Ltd Sensitive Recordings Ltd DRG Biofuels Ltd HanDiMan (GB) Ltd XIII Whitland Ltd Plus500UK Ltd</i>	<i>None</i>	<i>None</i>
Alison Lowton	<i>None</i>	<i>None</i>	<i>Lay member of Adjudication Panel for England Trustee of Coram Family Member of Information Right Committee</i>	<i>None</i>
Richard Mais	<i>None</i>	<i>Mais Management Ltd CNP Management Ltd</i>	<i>None</i>	<i>None</i>

REPORT OF THE BOARD (CONTINUED)

Directors' Interests (continued)

Name	Membership of registered provider of social housing	Directorships of companies (public and private)	Offices in voluntary, other public organisations	Interest in other organisations receiving/ providing services to Origin
Cathy McCarthy	None	None	None	Origin use tool provided by Substance Ltd, which employs a relative
Nicola Njie	None	KNN Consulting Ltd	None	
Patricia Rushton	Co-op Homes (South) Ltd Innisfree HA	None	Board Member (non exec director) of Hillingdon Hospital NHS Trust Trustee of SPH Friends Member of Audit Committee of Richmond Housing Partnership	None
Colin Sherriff	Shareholder – Sentinel housing Group	None	None	Occasional work for Savills and for Campbell Tickell. Wife works for Savills.
John Toomey	None	None	Somers Town Community Association	None
Karen Wilson	None	Home Connections Lettings Ltd	None	None

NHF code of governance and code of conduct

The Group complies with the NHF code of conduct and code of governance.

Tenant involvement

The Group encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement. Examples include the Residents' Forum. In addition the board has opened its meetings to representatives of this Forum to attend as observers in the open sessions. The Group had one tenant board members during the year. As at 31 March 2011 the Group had one tenant board member and a vacancy for one further member.

Internal controls assurance

The Board is responsible for maintaining a sound system of internal controls within the Group/Association and for reviewing its effectiveness. It delegates the ongoing review of controls to the Audit, Risk and Scrutiny Committee and the Board receives an annual report from the Executive and Audit, Risk and Scrutiny Committee.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and as such can only provide reasonable and not absolute assurance, against material misstatement, loss or failure to achieve the business objectives.

In fulfilling these responsibilities the Board has ensured that the process for identifying, evaluating and managing the significant risks faced by the Association is a continuing process and is embedded in the day to day management and governance processes. This has been in place for the year under review and up to the date of the approval of these accounts and report.

The Board has agreed a number of key policies designed to ensure effective internal controls including;

- a Risk Management Policy and Framework
- the Rules and Standing Orders of the Association (including terms of reference for boards and committees)
- a set of delegated powers detailing responsibilities for expenditure and authorisation of payments
- a comprehensive set of financial and operating policies and procedures covering all aspects of the business
- a risk based approach to internal audit reviews
- code of conduct for Board members and staff
- a policy on regular performance reporting to the Board
- Treasury Management Policy and Strategy with reviews included in the quarterly performance report

The Board has in place a comprehensive process to review the effectiveness of the Association's system of internal controls. This includes all of the following elements;

REPORT OF THE BOARD (CONTINUED)

Identifying and evaluating key risks and the control environment

- reviews of the risk management framework
- a strategic risk register linked to the Association's key business plan objectives

Internal controls assurance (continued)

- a three times a year review of the strategic risk register and internal controls by the Audit, Risk and Scrutiny Committee, reported to the Board annually
- a strategic risk register reviewed quarterly by the Executive
- a 5 year Business plan developed from a 30 year planning model
- a specific review of high level business plan risks as part of the annual review of the business plan
- reports to the Audit, Risk and Scrutiny Committee and Board on any significant changes affecting key risks
- an Executive Investment Panel and a Board Investment Committee which reviews the financial and other risks attached to all new business initiatives within parameters agreed by the Board
- a Risk Assessment Panel which reviews other risks apart from new business initiatives

Information and reporting systems

- an annual budget agreed before the beginning of each financial year
- quarterly performance reports to boards
- quarterly management accounts to the Board
- a monthly balanced scorecard report reviewed by the Executive and senior managers covering all key performance areas
- an annual review of performance and setting of new targets by the Board
- an annual review of the Business Plan by the Board
- minutes of the Audit, Risk and Scrutiny Committee considered by the Board
- reports to the Board on any fraudulent activity
- staff and Board Code of Conduct
- reports from the Tenant Services Authority on regulatory matters are reviewed by the Board

Monitoring arrangements on control issues

- a regular programme of internal audit reviews based on the risk map and reported to the Audit, Risk and Scrutiny Committee consisting of non executive directors and independent co-opted members.
- an annual report from the internal Auditor to the Audit, Risk and Scrutiny Committee and the Board
- a regular review by the internal Auditor of the completion of internal audit recommendations, reported to the Audit, Risk and Scrutiny Committee
- review of external audit management letters and action taken by officers
- a three times a year review of risks and controls by the Audit, Risk and Scrutiny Committee
- a quarterly review by the Executive of strategic risks
- the annual report by the Executive team to the Audit, Risk and Scrutiny Committee and Board on the effectiveness of internal Controls

This process culminates in an Annual Report by the Executive team on the effectiveness of Internal Controls to the Audit, Risk and Scrutiny Committee and a subsequent report from the Audit, Risk and Scrutiny Committee to the Board.

Information on the process adopted for addressing material control aspects or significant problems disclosed in the annual report and accounts:

For part of the financial year the Group has failed to maintain a satisfactory system of internal control over the operation of controls relating to accurate and timely reporting of costs for repair and voids works and elements of rent setting as required by the Friendly and Industrial and Provident Societies Act 1968. On identifying that a breakdown in internal control had arisen the Executive instigated a review of the procedures, processes and controls that had operated in those areas of the Group's business. The review made a number of recommendations which are being implemented. No other significant problems have arisen that give rise to material control implications.

REPORT OF THE BOARD (CONTINUED)

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on 25 August 2011 at St. Richards House, 110 Eversholt Street, London, NW1 1BS.

Disclosure of information to auditors

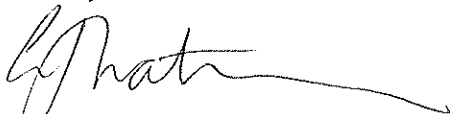
At the date of making this report each of the Association's board members, as set out on page 1, confirm the following:

- 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
- each board member has taken all the steps that he/she ought to have taken as a director in order to make himself/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.

External auditors

BDO LLP will be proposed for reappointment at the forthcoming annual general meeting.

The Report of the Board was approved by the Board of Origin Housing Limited on 25 August 2011 and signed on its behalf by:



C Waterer
Company Secretary

OPERATING AND FINANCIAL REVIEW

Background

Activities

The principal activities Origin Housing Limited ("Origin") is to provide quality affordable homes and effective support services, to meet the needs of customers and to build sustainable communities across North London and Hertfordshire.

Origin is a dynamic and diverse organisation that owns and manages over 5,000 homes, including:

- general needs housing for rent, for households who are unable to rent or buy at open market rates;
- supported housing and care for people who need additional housing-related support or additional care;
- intermediate rented housing for key workers; and
- low-cost home ownership, primarily shared ownership where residents purchase a share in the equity of their homes and pay rent to the Association on the remainder.

As well as owning and managing these properties, Origin is a major developer of new affordable housing and through its Connected Partnership is one of the associations selected by the Homes and Communities Agency as development partners.

As part of Origin's stock rationalisation policy to provide the best possible service to our tenants, Origin transferred 152 units to other social landlords. This was the final phase of the stock rationalisation programme and means Origin can now concentrate on its key geographical regions of North London and Hertfordshire. The transfers took place after consultation with residents and staff to ensure the best possible outcome for all parties.

The turnover for the year of £37.1m shows a decline from last year's figure of £59.9m. This is mainly due to Origin's commercial subsidiary selling one property to the value of £18.0m during 2009-10. In addition sales of other properties held as current assets were higher in 2009-10. Total social rent has fallen due to expiry of two leases on properties held as leasebacks.

Group Restructure

On 1 April 2010, St Pancras and Humanist Housing Association Limited acquired the assets and liabilities of Griffin Housing Association Limited and its parent Origin Housing Group Limited. This was carried out under a transfer of engagements, as provided by Section 51 of the Industrial and Provident Societies Act 1965. Both Griffin Housing Association Limited and Origin Housing Group Limited ceased trading on that date and have subsequently been struck off the Register of Providers of Social Housing and the register of industrial and provident societies.

On the same date St Pancras and Humanist Housing Association Limited changed its name to Origin Housing Limited.

The board believes that the new structure will provide better and more efficient services to tenants and customers.

External influences and the Operating Environment

The coming year will see the social housing sector face some of its biggest challenges. The new coalition government has introduced changes that will affect social housing for many years. There will be changes to development funding, welfare benefits and changes to care and support funding as well as the regulation of social housing.

All of the above when coupled with the continuing uncertainty in the British economy means all social housing providers need to have proven business plans that are financially viable. They also need to continue to provide quality homes that are affordable and support services that benefit the customers.

The Origin board believe that the organisation is in a very good position to continue to deliver on its objectives. The business plan for the next five years is financially viable and will deliver on the agreed number of new developments, meet decent home standards and provide services to our tenants and customers that they really need.

The business plan submitted to the Homes and Communities Agency as part of the grant funding bids incorporates the government's new policies on affordable rent tenures. As a result of proposed reductions in capital grants for new developments Origin has, like other associations, prepared a plan based on higher rents for the new developments. These rents take into account local affordability, benefit caps and other factors to ensure they are genuinely affordable and tenants will not suffer financially as a result. The board believes that the approach it has taken will benefit its tenants and customers and at the same time ensure the financial stability of the organisation.

Objectives and strategy

The objectives and strategies are set out in a business plan that is reviewed annually and approved by the board.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Performance

Despite the uncertainty in the market Origin is well placed to deliver its objectives including developing more affordable housing and in delivering a service that fits our tenants' and customers' needs. Origin's business plan sets out the goals and objectives for the continued growth of the business, the delivery of an excellent service to our customers, decent homes and financial stability.

The key indicators used by senior management and the Board to monitor the achievement of Origin's objectives are set out below. The Board agrees targets each year that are designed to manage development and deliver continuous service improvement.

	Objective	Indicator
Service quality	<ul style="list-style-type: none"> • Improve the core services that are most important to our customers • Ensure customer service is consistently delivered well • Develop a neighbourhood approach that tailors services and sets priorities to meet local customer • Provide an effective range of customer engagement opportunities 	<ul style="list-style-type: none"> • Customer satisfaction with repair services, anti-social behaviour, customer care and tenant involvement • QHS accreditation
Development	<ul style="list-style-type: none"> • Secure opportunities to develop not less than 90 new homes each year • Protect and expand provision of supported housing services 	<ul style="list-style-type: none"> • Meet HCA delivery standards • Successful delivery of planned programme
Asset management	<ul style="list-style-type: none"> • Focus on core activities in North London and Hertfordshire • All homes comply with decent homes standards • Ensure our housing schemes meet customer and stakeholder expectations • Maximise returns from our commercial property portfolio 	<ul style="list-style-type: none"> • Properties continue to meet Decent Homes Standard • Customers satisfied with the quality of accommodation • Returns on commercial portfolio
Finance	<ul style="list-style-type: none"> • All the core activities of Origin contribute to overheads • Ensure income collection and void property management processes are running efficiently and cost effectively • Deliver ongoing business efficiencies • Ensure all banking covenants are complied with 	<ul style="list-style-type: none"> • Results compared to budget and business plans • Arrears levels and income collection • Annual efficiency gains and activity cost comparisons • Performance against loan covenants

Service quality

Resident Involvement

As part of Origin's objective of ensuring tenants involvement in the key decisions that affect services, Origin now has a Residents' Forum that works with Origin officers and board members on the strategic decisions of the organisation. Other forms of engagement have been further developed during the year with a number of panels being established that review the key areas of importance for residents including repairs, major works and income.

In the summer of 2011 a separate Scrutiny Panel will strengthen the mechanism for involving residents in the robust challenging and monitoring of performance and ensuring the delivery of local offers with meaningful outcomes for customers.

In addition, in response to customer feedback, resident representatives will be recruited to join board members in sitting on a Complaints Review Panel, whose role will be to scrutinise and review the handling and management of complaints.

Consultation with residents has identified the key priorities for the local offers as well as shaping how they are to be delivered. Origin has developed local offers in seven key areas as chosen by the Residents Forum. These are:

- Aids and Adaptations
- Anti-Social Behaviour
- Customer Care and Complaints
- Handyperson service

OPERATING AND FINANCIAL REVIEW (CONTINUED)

- Neighbourhood service
- Repairs
- Service Charges

As at 31 March 2011 there was one Resident Board Member on the Origin Housing Board.

Customer service

An independent assessment of customer service was undertaken by Quality Housing Services (QHS), an organisation that works closely with the Tenants' Services Authority. The year long assessment that included mystery shopping and on-site inspections resulted in Origin Housing receiving an Assured Service Excellence Certificate for outstanding achievement in sustaining the highest standards of service. Continuing service improvements in the areas of customer access and customer care will be a focus for 2011-12.

Neighbourhoods

During the year grant funding of £138k was secured for a number of community programmes run by Origin. This money provided youth facilities for over 900 young people across Camden, Enfield and Hertfordshire; funded a bespoke training programme and IT equipment for elderly residents in Camden; provided football coaching facilities for more than 180 young people; and facilitated the continuation of the Camden Time Bank which provided individual and group volunteering opportunities and training for over 300 members.

Origin's aim is to increase grant funding resources available for programmes which improve people's skills and employability.

Tenant satisfaction

On a monthly basis an independent telephone survey company conducts feedback surveys on those aspects of service most important to customers. As at the end of March 2011, overall tenant satisfaction with Origin was 70%.

Supported housing services performance

There were no Quality Assessment Framework reviews during the year. However, the results from the supported and retirement housing tenant surveys showed a 93% tenant / service user satisfaction for the support service and 89% tenant satisfaction for the housing management service.

Development

During the year 229 new homes were completed and transferred into management by the end of March 2011. There were also a further 575 homes where site work had commenced.

The plan for 2011-12 is for 315 units to be completed, 57 will start on site, with an anticipated spend of £58.7m.

Asset management

As part of the programme started last year of focussing on core business activities and key geographic locations, Origin has transferred some of its outlying schemes to other social landlords. In line with Origin policies and regulatory requirements, residents and employees were consulted. During the year 152 units in Kent were transferred. This is in addition to the 342 transferred during 2009-10.

In the coming years the focus will continue to be on the core activities and core geographic regions.

All Origin's properties met the Decent Homes Standard.

Finance

It is the aim of Origin to maintain a stable operating surplus over the coming years, with efficiency savings planned through service reviews and other initiatives ensuring resources can be reallocated to improve service delivery. The performance for this financial year delivered satisfactory results, with rental increases in line with the Tenant Services Authority guidance on rent restructuring and costs moving in line with increases in services.

Origin is pleased to report an operating surplus before taxation for the year of £5,631k (2010: £10,266k) which together with our surplus on the sale of fixed assets of £3,284k (2010: £4,793k) contributed to the year-end reserves of £73.7m (2010: £72.5m).

The voids available to let during 2010-11 have shown improvements over the prior year across most business streams, despite difficult economic circumstances. Arrears performance for the Group has also improved since last year with the arrears for social rents and service charges dropping from 6.5% to 5.6%.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

During the year Origin successfully negotiated new loan funding of £50.0m at competitive rates securing the continuation of the development programme.

There were no impairment charges during the year (2010: £3.0m).

Governance

Rationalisation of the Origin group structure provided an opportunity to reshape governance and board membership. Members of the new Origin Housing Board were selected from the previous boards with some external recruitment to fill identified skills gaps. The board is now supported by an Investment Committee, an Audit Committee and a Remuneration Committee, which in addition to having members drawn from the board also have independent members.

Risks and uncertainties

The overall objective of the Risk Strategy in Origin is to encourage properly controlled risk taking which is necessary to ensure Origin achieves its business objectives. The risk management framework is designed to ensure that Origin has in place policies and procedures that identify and manage risks that may adversely affect the organisation's ability to meet its business objectives or impact its ability to execute its strategies successfully. To assist in the management of risk, each operational function of Origin has identified risk triggers. The appropriateness of the trigger points is reviewed annually by the Board. The executive team measures performance against these trigger points. If a trigger point is breached, the matter is referred for review at board level.

Financial position

The financial results for Origin are set out on pages 15 to 48. The following paragraphs highlight key features of Origin's financial position at 31 March 2011:

Accounting policies

Origin's accounting policies are set out on pages 21 to 23. The accounting policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development costs; deduction of capital grant from the cost of assets; housing property depreciation; and the treatment of shared ownership properties. Origin does not currently use component accounting (as recommended by SORP 2010) for its fixed assets. This will be implemented for the accounting period ending 31 March 2012.

Housing properties

At 31 March 2011 Origin owned and managed 5,420 housing properties. This shows a small decrease on the 2010 figures due to units being transferred to other social landlords as part of the group rationalisation and some keyworker housing properties being remodelled. This was only partially offset by the increase of new developments coming on line. The properties are carried in the balance sheet at cost (after depreciation and capital grant) of £220.7m (2010: £209.4m).

The investment in new and existing housing properties this year was funded through a mixture of Social Housing Grant, loan finance, working capital and the proceeds from the transfer of assets which show a strong net current asset balance, an important indicator of liquidity. Origin's treasury management arrangements are considered below.

Pension costs

Origin 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 which means there is no requirement to reflect any potential long term liability in the financial statements.

Capital structure and treasury policy

Origin's development programme is funded through a mix of grant, loan funding, working capital and proceeds from the transfer of assets. At the year end Origin had loan facilities of £264.6 million in place. During the year it drew down a net £4.2m million to develop general needs, intermediate rent and shared ownership units, bringing the total borrowings to £182.1 million (further details on the terms and repayment dates can be found in note 20). The five-year summary in table 1 (page 12) shows a healthy performance regarding interest cover of 1.15 (2010: 2.32) and gearing 63.6% (2010: 65.9%).

Treasury management is reviewed annually by the Board where the approach towards additional funding and interest rate management is agreed. Origin borrows and lends only in Sterling and is therefore not exposed to any currency risk.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Cash flows

Cash inflows and outflows during the year are shown in the consolidated cash flow statement on page 20.
The net cash inflow from operating activities was £4,178k (2010: £33,019k cash inflow).

Liquidity

Origin has the ability to fund its current and future operations.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in Part 3 of the SORP 'Accounting by Registered Social Landlords 2008'.

TABLE 1 – FIVE-YEAR SUMMARY

For the year ended 31 March	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Group Income and Expenditure Account					
Turnover	37,033	59,961	37,070	32,545	28,596
Cost of sales	(164)	(19,172)	(1,687)	(373)	-
Operating costs	<u>(31,238)</u>	<u>(30,523)</u>	<u>(27,775)</u>	<u>(24,777)</u>	<u>(22,542)</u>
Operating surplus	<u>5,631</u>	<u>10,266</u>	<u>7,608</u>	<u>7,395</u>	<u>6,054</u>
Surplus for the financial period	<u>1,185</u>	<u>8,583</u>	<u>1,406</u>	<u>1,945</u>	<u>3,159</u>
Group Balance Sheet					
Housing properties, net of depreciation	431,401	401,676	364,250	332,371	297,131
SHG and other capital grants	<u>(210,746)</u>	<u>(192,232)</u>	<u>(183,833)</u>	<u>(176,954)</u>	<u>(161,146)</u>
Housing properties net of grants	220,655	209,444	180,417	155,417	135,985
Other tangible fixed assets at cost or valuation	<u>31,496</u>	<u>29,893</u>	<u>29,288</u>	<u>36,503</u>	<u>31,270</u>
Tangible fixed assets	252,151	239,337	209,705	191,920	167,255
Net current assets/ (liabilities)	<u>2,495</u>	<u>7,628</u>	<u>15,315</u>	<u>(2,421)</u>	<u>158</u>
Total assets less current liabilities	<u>254,646</u>	<u>246,965</u>	<u>225,020</u>	<u>189,499</u>	<u>167,413</u>
Creditors: Amounts falling due after more than one year	180,942	174,448	161,090	119,128	98,702
Provision for liabilities and charges	-	-	-	-	353
Revaluation reserve	16,420	16,418	16,442	24,289	24,082
Revenue reserve	52,279	51,173	42,555	41,125	39,057
Negative goodwill	4,018	4,102	4,186	4,271	4,621
Designated reserves	<u>987</u>	<u>824</u>	<u>747</u>	<u>686</u>	<u>598</u>
Reserves	<u>73,704</u>	<u>72,517</u>	<u>63,930</u>	<u>70,371</u>	<u>68,358</u>
	<u>254,646</u>	<u>246,965</u>	<u>225,020</u>	<u>189,499</u>	<u>167,413</u>
Housing stock - Social	4,771	5,013	5,370	5,210	5,036
Housing stock - Non-Social	649	480	586	495	465
Managed stock	-	-	-	10	10
Total	<u>5,420</u>	<u>5,493</u>	<u>5,956</u>	<u>5,715</u>	<u>5,511</u>
Statistics					
Surplus as % of turnover	3.2%	14.3%	3.8%	6.0%	11.0%
Rent loss % of rent and service charge	3.0%	6.6%	6.4%	4.2%	4.3%
Social rent arrears % of rent and service	5.6%	6.5%	7.3%	6.2%	5.8%
Interest cover (surplus before interest divided by interest payable)	1.15	2.32	1.18	1.29	1.60
Liquidity (current assets divided by current liabilities)	1.2	1.5	1.8	0.9	1.0
Gearing (total debt as % of capital grants plus reserves)	63.6%	65.9%	65.0%	48.2%	43.0%
Total reserves per home owned	£13,599	£13,202	£10,734	£12,335	£12,426

STATEMENT OF RESPONSIBILITIES OF THE BOARD

Statement of the responsibilities of the Board for the report and financial statements

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. They are 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 (2008).

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGIN HOUSING LIMITED

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

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:


- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2011 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

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

Section 9(4)(b) of The Friendly and Industrial and Provident Societies Act 1968 requires us to carry out such investigations as will enable us to form an opinion as to whether the Group and Association has maintained a satisfactory system of internal control over its transactions in accordance with Section 1(1)(b) of that Act. In our opinion the Group and Association has not maintained a satisfactory system of internal control over the operation of controls relating to accurate and timely reporting of costs for repair and voids works and elements of rent setting as explained in the Statement on Internal Control on page 5.



BDO LLP, statutory auditor
Epsom, Surrey
United Kingdom

Date: 26 August 2011

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover	2	37,033	59,961
Cost of sales	2	(164)	(19,172)
Operating costs	2	(31,238)	(30,523)
Operating surplus	2	5,631	10,266
Surplus on sale of fixed assets – housing properties	5	3,284	4,793
Interest receivable and other income	6	60	150
Interest payable and similar charges	7	(7,746)	(6,501)
Surplus on ordinary activities before taxation		1,229	8,708
Tax on surplus on ordinary activities	10	(44)	(125)
Surplus for the financial period	24	1,185	8,583

There is no material difference between the result reported above and that which would be reported on a historical cost basis.

Turnover and operating surplus for the current and prior years relate to continuing activities.

The notes on pages 21 to 48 form part of these financial statements.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover	2	37,055	37,005
Cost of sales	2	(164)	(1,810)
Operating costs	2	(31,185)	(25,796)
Operating surplus	2	<u>5,706</u>	<u>9,399</u>
Surplus on sale of fixed assets – housing properties	5	3,284	4,097
Interest receivable and other income	6	116	143
Interest payable and similar charges	7	(7,496)	(6,064)
Surplus on ordinary activities before taxation		<u>1,610</u>	<u>7,575</u>
Tax on surplus on ordinary activities	10	(46)	-
Surplus for the financial period	24	<u><u>1,564</u></u>	<u><u>7,575</u></u>

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

Turnover and operating surplus for the current and prior years relate to continuing activities.

The notes on pages 21 to 48 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2011

	Note	Group		Association	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Surplus for the financial year		1,185	8,583	1,564	7,575
Unrealised surplus on revaluation of investments	24	2	4	2	4
Reserves arising on transfer of engagements	24	-	-	6,164	-
Total recognised surpluses/(deficits) since the last financial statements		<u>1,187</u>	<u>8,587</u>	<u>7,730</u>	<u>7,579</u>

RECONCILIATION OF MOVEMENTS IN GROUP'S AND ASSOCIATION'S FUNDS

For the year ended 31 March 2011

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 April 2010	72,517	63,930	66,158	58,579
Total recognised surpluses/(deficits) relating to the year	<u>1,187</u>	<u>8,587</u>	<u>7,730</u>	<u>7,579</u>
At 30 March 2011	<u>73,704</u>	<u>72,517</u>	<u>73,888</u>	<u>66,158</u>

The notes on pages 21 to 48 form part of these financial statements.

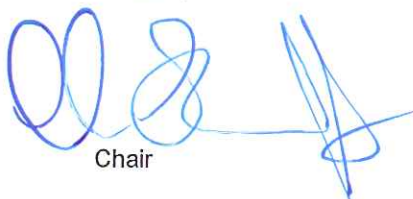
CONSOLIDATED BALANCE SHEET

As at 31 March 2011

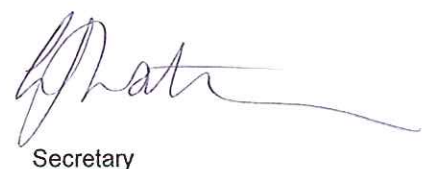
	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties at cost	11	431,401	401,676
Social Housing Grant	11	(207,453)	(188,939)
Other capital grants	11	(3,293)	(3,293)
		<u>220,655</u>	<u>209,444</u>
Commercial properties at cost or valuation	12	29,382	26,103
Other tangible fixed assets at cost	13	2,114	3,790
		<u>252,151</u>	<u>239,337</u>
Investments			
Homebuy loans		2,812	2,980
Social Housing Grant		(2,812)	(2,980)
		<u>-</u>	<u>-</u>
Current assets			
Properties for sale	15	4,941	1,457
Debtors	16	9,697	4,593
Deferred tax assets	10	-	46
Investments	17	16	14
Cash at bank and in hand		3,173	17,803
		<u>17,827</u>	<u>23,913</u>
Creditors: amounts falling due within one year	18	<u>(15,332)</u>	<u>(16,285)</u>
Net current assets		<u>2,495</u>	<u>7,628</u>
Total assets less current liabilities		<u>254,646</u>	<u>246,965</u>
Creditors: amounts falling due after more than one year	19	180,942	174,448
Capital and reserves			
Non-equity share capital	23	-	-
Revaluation reserve	24	16,420	16,418
Revenue reserve	24	52,279	51,173
Negative goodwill	24	4,018	4,102
Designated reserve	24	987	824
	24	<u>73,704</u>	<u>72,517</u>
		<u>254,646</u>	<u>246,965</u>

The notes on pages 21 to 48 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 25 August 2011 and signed on its behalf by:


Chair


Board Member


Secretary

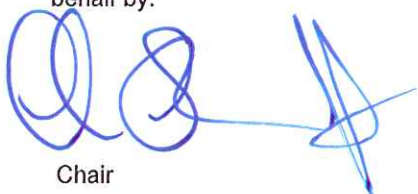
ASSOCIATION BALANCE SHEET

As at 31 March 2011

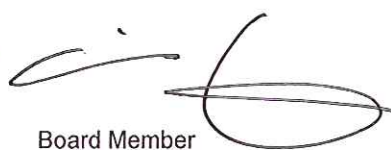
	Note	2011 £'000	2010 £'000
Tangible fixed assets			
Housing properties at cost	11	431,401	381,181
Social Housing Grant	11	(207,453)	(183,574)
Other capital grants	11	(3,293)	(3,293)
		<u>220,655</u>	<u>194,314</u>
Commercial properties at valuation	12	25,971	24,574
Other tangible fixed assets at cost	13	2,114	2,833
		<u>248,740</u>	<u>221,721</u>
Investments			
Homebuy loans		2,812	2,980
Social Housing Grant		(2,812)	(2,980)
Investment in subsidiaries and associated undertakings	14	3,601	1
		<u>3,601</u>	<u>1</u>
Current assets			
Properties for sale	15	2,432	955
Debtors	16	12,585	5,030
Deferred tax assets	10	-	-
Investments	17	16	14
Cash at bank and in hand		3,171	13,925
		<u>18,204</u>	<u>19,924</u>
Creditors: amounts falling due within one year	18	(15,337)	(31,506)
Net current assets/ (liabilities)		<u>2,867</u>	<u>(11,582)</u>
Total assets less current liabilities		<u>255,208</u>	<u>210,140</u>
Creditors: amounts falling due after more than one year	19	181,320	143,982
Capital and reserves			
Non-equity share capital	23	-	-
Revaluation reserve	24	16,420	16,418
Revenue reserve	24	52,463	44,814
Negative goodwill	24	4,018	4,102
Designated reserve	24	987	824
	24	<u>73,888</u>	<u>66,158</u>
		<u>255,208</u>	<u>210,140</u>

The notes on pages 21 to 48 form part of these financial statements.

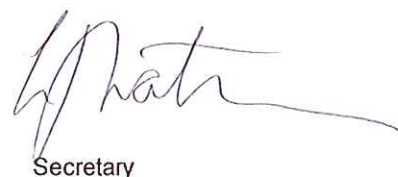
The financial statements were approved and authorised for issue by the Board on 25 August 2011 and signed on its behalf by:



Chair



Board Member



Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	27	4,178	33,019
Returns on investments and servicing of finance			
Interest received		60	150
Interest paid		(9,141)	(8,419)
Proceeds from the sale of investments		-	597
Net cash outflow from returns on investments and servicing of finance		(9,081)	(7,672)
Corporation tax paid		(108)	(8)
Capital expenditure			
Proceeds from sale of housing properties	5	4,910	8,972
Payments to acquire and develop housing properties		(30,639)	(53,374)
Capital grants received		18,144	23,349
Capital grants paid		(830)	(6,405)
Payments to acquire commercial properties		(3,549)	(198)
Payments to acquire other fixed assets		(1,016)	(1,080)
		(12,980)	(28,736)
Net cash outflow before financing		(17,991)	(3,397)
Financing			
Loans received		9,678	23,032
Loans repaid		(5,445)	(9,145)
		4,233	13,887
(Decrease)/increase in cash	28	(13,758)	10,490

The notes on pages 21 to 48 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of accounting

The financial statements of the Group and the Association are prepared under the historic cost convention, modified for the revaluation of commercial properties and investments; in accordance with applicable accounting standards and the Statement of Recommended Practice ("SORP"): accounting by Registered Social Landlords 2008; and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

Origin Housing Limited is registered as a charitable social landlord under the Industrial and Provident Societies Acts, no. 10008R.

Basis of consolidation

On 1 April 2010, Origin Housing Limited (previously St Pancras & Humanist Housing Association Limited) acquired under a transfer of engagements, as provided by Section 51 of the Industrial and Provident Societies Act 1965, the assets and liabilities of Griffin Housing Association Limited, a fellow subsidiary, and Origin Housing Group Limited, its ultimate holding company.

The transfer constitutes a Group reconstruction and has been accounted for using merger accounting principles, with the consolidated financial statements of Origin Housing Limited presented as if Origin Housing Limited (previously St Pancras & Humanist Housing Association Limited) had always been the parent and ultimate holding company of the Group. Accordingly, the results of the Group for the entire year ended 31 March 2011 are shown in the consolidated income statement and the comparatives for prior years are also prepared on this basis.

The consolidated financial statements include the results of Origin Housing Limited and all its subsidiaries at 31 March. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the income statement from the effective date of acquisition or disposal.

Turnover

Turnover comprises rental income receivable in the year, income from sales of first tranche shared ownership sales and outright sales, other services included at the invoiced value (excluding value added tax) of goods and services supplied in the year and revenue grants receivable in the year.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation 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 FRS 19, deferred tax 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.

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 HM Customs and Excise. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset respectively.

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:

- a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant received in advance; or
- b) interest on borrowings of the Association as a whole after deduction of interest on Social Housing Grant received 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.

Derivatives

The Association uses interest rate swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Pensions

The Group contributes to a defined benefit final salary pension for staff that were in post before 1 April 2007 and to a career average earnings scheme for other new staff who were in post and elected to join the scheme by 30 September 2010. Staff who were not members of either scheme at 30 September 2010 can elect to join a defined contribution scheme to which the Group contributes.

The Group participates in the Social Housing Pension Scheme ('SHPS') a multi-employer defined benefit scheme.

For the SHPS it has not been 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.

Supporting people

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

Housing properties

Housing properties are principally properties available for rent, including the retained equity in shared ownership properties, and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business beyond the previously assessed standard of performance when the asset was first constructed, last improved or last revalued. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership and staircasing

Under shared ownership arrangements, the Association disposes of a long lease of shared ownership housing units to persons who occupy them, at a premium equal to between 25% and 75% of the open market value (the 'first tranche'). The occupier has the right to purchase further proportions at the current valuation at that time up to 100% ('staircasing').

A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset; and that retained by the Association, which is recorded as a fixed asset in the same manner as for general needs housing properties.

Proceeds of sale of first tranches are accounted for as turnover in the income and expenditure account, with the apportioned cost being shown within operating results as the cost of sale.

Subsequent tranches sold ('staircasing sales') are disclosed in the income and expenditure account after the operating result as a surplus or deficit on sale of fixed assets. Such staircasing sales may result in capital grant being deferred or abated and this is credited in the sales account arriving at the surplus or deficit.

Social Housing Grant in respect of shared ownership properties is allocated against the fixed asset element of the shared ownership property and is treated as a deduction from fixed assets.

Commercial properties

Commercial properties are stated at market value less depreciation and impairment. A valuation was carried out by external valuers Tuckerman in accordance with RICS appraisal and valuation standards (PS 5.1) and on market basis as at 31 March 2007. In accordance with FRS15 an interim valuation was performed at 31 March 2009. The rolling valuation method has been adopted for valuations.

Market value is defined as the estimated amount for which the property should exchange on the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted 'knowledgably, prudently and without compulsion'.

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 respectively. 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 is subordinated to the repayment of loans by agreement with the HCA. SHG released on 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 in the balance sheet in creditors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Other grants

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

Depreciation of housing and commercial properties

Freehold land is not depreciated. Buildings are depreciated over their estimated useful economic life of 100 years.

Properties held on leases are amortised over the shorter of life of the lease or their estimated useful economic lives.

Depreciation of 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. The expected useful lives of other assets are:

Tenant furniture	3 years
Furniture, fixtures and fittings	15 years
Computers and office equipment	4 years

Impairment

Properties which are depreciated over a period in excess of 50 years are subject to annual impairment reviews. 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 their recoverable amount. Any such write down is charged to operating surplus, unless a revaluation reserve exists for the asset, in which case the amount of the impairment is deducted from the revaluation reserve up to the balance of the reserve for the asset. Any remaining impairment is then charged to operating surplus.

Leased assets

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

Properties for sale

Properties for outright sale and shared ownership first tranche developments are valued at the lower of cost and net realisable value, regardless of whether they are completed or still under construction. Cost comprises materials, direct labour, direct development overheads and attributable interest on borrowings. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Homebuy loans and grants

Under these arrangements the Association receives Social Housing Grant representing a maximum of 30% of the open market purchase price of a property in order to advance interest free loans of the same amount to a homebuyer. The buyer meets the balance of the purchase price from a combination of personal mortgage and savings. Loans advanced by the Association under these arrangements are disclosed in the investments section of the balance sheet.

In the event that the property is sold on, the Association recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of the proceeds is offset against the recycled grant. There are no circumstances in which the Association will suffer any capital loss.

Current asset investments

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

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Negative goodwill

Negative goodwill arising from business acquisitions is amortised over 100 years, representing the life of the underlying assets acquired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

Revaluation reserve

The difference between the market value of commercial properties and the historical cost carrying value is credited to the revaluation reserve. Any impairment on commercial properties is debited against the revaluation reserve up to the balance of the reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus

	Group 2011			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	31,764	-	(26,629)	5,135
Other social housing activities				
Shared ownership first tranche sales	111	(64)	-	47
Supporting people contract income	935	-	(1,411)	(476)
Community development	138	-	(677)	(539)
Care & repair	611	-	(705)	(94)
	<u>1,795</u>	<u>(64)</u>	<u>(2,793)</u>	<u>(1,062)</u>
Non-social housing activities				
Properties for outright sale	211	(100)	-	111
Commercial activities	2,322	-	(980)	1,342
Leasehold & market rent	559	-	(834)	(275)
Other (non-housing)	382	-	(2)	380
	<u>3,474</u>	<u>(100)</u>	<u>(1,816)</u>	<u>1,558</u>
	<u><u>37,033</u></u>	<u><u>(164)</u></u>	<u><u>(31,238)</u></u>	<u><u>5,631</u></u>

	Group 2010			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	33,675	-	(26,045)	7,630
Other social housing activities				
Shared ownership first tranche sales	2,561	(2,079)	-	482
Supporting people contract income	1,285	-	(1,848)	(563)
Community development	140	-	(596)	(456)
Care & repair	591	-	(642)	(51)
	<u>4,577</u>	<u>(2,079)</u>	<u>(3,086)</u>	<u>(588)</u>
Non-social housing activities				
Properties for outright sale	18,995	(17,093)	-	1,902
Commercial activities	1,989	-	(844)	1,145
Other (non-housing)	725	-	(548)	177
	<u>21,709</u>	<u>(17,093)</u>	<u>(1,392)</u>	<u>3,224</u>
	<u><u>59,961</u></u>	<u><u>(19,172)</u></u>	<u><u>(30,523)</u></u>	<u><u>10,266</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus (continued)

	Association 2011			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	31,764	-	(26,629)	5,135
Other social housing activities				
Shared ownership first tranche sales	111	(64)		47
Supporting people contract income	935		(1,411)	(476)
Community development	138		(677)	(539)
Care & repair	611		(705)	(94)
	1,795	(64)	(2,793)	(1,062)
Non-social housing activities				
Properties for outright sale	211	(100)	-	111
Commercial activities	2,159	-	(921)	1,238
Leasehold & market rent	559	-	(834)	(275)
Gift aid received	185	-	-	185
Other (non-housing)	382	-	(8)	374
	3,496	(100)	(1,763)	1,633
	37,055	(164)	(31,185)	5,706
	Association 2010			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	28,978	-	(22,042)	6,936
Other social housing activities				
Shared ownership first tranche sales	2,312	(1,810)	-	502
Supporting people contract income	1,285	-	(1,848)	(563)
Community development	140	-	(596)	(456)
Care & repair	591	-	(642)	(51)
	4,328	(1,810)	(3,086)	(568)
Non-social housing activities				
Commercial activities	1,907	-	(666)	1,241
Other (non-housing)	731	-	(2)	729
Gift aid received	1,061	-	-	1,061
	3,699	-	(668)	3,031
	37,005	(1,810)	(25,796)	9,399

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings	General needs housing £'000	Supported housing for older £'000	Care accommodation £'000	Key worker housing £'000	Shared ownership £'000	Rent to homebuy £'000	2011 Total £'000	2010 Total £'000
Group								
Rent receivable net of identifiable service charges	18,616	2,495	166	2,986	826	290	25,379	26,547
Service income	1,115	1,082	101	111	56	8	2,473	2,861
Charges for support services	-	1,139	-	-	-	-	1,139	1,366
Net rental income	19,731	4,716	267	3,097	882	298	28,991	30,774
Other income	426	1,011	381	955	-	-	2,773	2,901
Turnover from social housing lettings	20,157	5,727	648	4,052	882	298	31,764	33,675
Management Services	(3,856)	(1,495)	(10)	(1,119)	(666)	(67)	(7,213)	(6,921)
Routine maintenance	(1,900)	(3,510)	(703)	(2,592)	(167)	(17)	(8,889)	(8,537)
Planned maintenance	(4,094)	(1,081)	(149)	(868)	(105)	(17)	(6,314)	(4,133)
Rent losses from bad debts	(1,000)	(138)	(2)	(41)	(20)	-	(1,201)	(1,427)
Depreciation of housing properties	(212)	(50)	-	(52)	-	-	(314)	4
Impairment of housing properties	(2,600)	(98)	-	-	-	-	(2,698)	(1,985)
	-	-	-	-	-	-	-	(3,046)
Operating costs on social housing lettings	(13,662)	(6,372)	(864)	(4,672)	(958)	(101)	(26,629)	(26,045)
Operating surplus/(deficit) on social housing lettings	6,495	(645)	(216)	(620)	(76)	197	5,135	7,630
Void losses	(291)	(193)	(15)	(94)	-	(35)	(628)	(1,937)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus on lettings (continued)

Particulars of income and expenditure from commercial property lettings

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Rent receivable net of identifiable service charges	2,099	1,878	1,937	1,853
Service income	148	41	147	41
Net rental income	2,247	1,919	2,084	1,894
Other income	75	70	75	13
Turnover from commercial activities	2,322	1,989	2,159	1,907
Management	(171)	(208)	(112)	(191)
Services	(308)	(452)	(308)	(349)
Routine maintenance	(93)	(65)	(93)	(53)
Planned maintenance	(50)	(78)	(50)	-
Bad debts	(199)	-	(199)	-
Depreciation of commercial housing properties	(159)	(94)	(159)	(73)
Impairment of commercial housing properties	-	53	-	-
Total expenditure on commercial property lettings	(980)	(844)	(921)	(666)
Operating surplus on commercial property lettings	1,342	1,145	1,238	1,241
Void losses	(316)	(206)	(316)	(171)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Accommodation in management

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

	Group		Association	
	2011 No.	2010 No.	2011 No.	2010 No.
Social housing				
General needs housing	3,139	3,175	3,139	3,175
Supported housing and housing for older people	664	765	664	765
Shared ownership	256	265	256	184
Keyworker housing	574	734	574	698
Rent to homebuy	103	39	103	16
Residential care homes	35	35	35	35
Total managed	4,771	5,013	4,771	4,873
Non-social housing				
Commercial/ Right to buy/ Leasehold/ Market rented	649	480	642	218
Total owned and managed	5,420	5,493	5,413	5,091

The Group owns 86 supported housing units (2010: 38) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

4 Operating surplus

This is arrived at after charging:

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Depreciation of housing properties	2,323	1,655	2,323	1,595
Depreciation of commercial properties	91	94	83	73
Depreciation of other tangible fixed assets	496	632	496	339
Impairment	-	2,993	-	2,998
Operating lease rentals for office equipment and computers	64	51	64	-
Auditors' remuneration				
- for audit services	50	48	44	23
- for non-audit services	45	36	43	15

5 Surplus on sale of fixed assets – housing properties

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Disposal proceeds	4,910	8,972	4,910	7,810
Carrying value of fixed assets	(1,626)	(4,179)	(1,626)	(3,713)
	3,284	4,793	3,284	4,097

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Interest receivable and other income

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank interest receivable	59	18	54	11
Dividend income receivable	-	26	-	26
Sinking fund interest	1	-	1	-
Other interest receivable	-	106	61	106
	<u>60</u>	<u>150</u>	<u>116</u>	<u>143</u>

7 Interest payable and similar charges

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Loans and bank overdrafts	9,096	8,408	8,827	7,878
RCGF interest	-	11	-	9
Sinking fund interest	2	-	2	-
Amortisation of financing costs	43	-	43	20
	<u>9,141</u>	<u>8,419</u>	<u>8,872</u>	<u>7,907</u>
Interest capitalised on housing properties under construction	(1,395)	(1,918)	(1,376)	(1,843)
	<u>7,746</u>	<u>6,501</u>	<u>7,496</u>	<u>6,064</u>
Capitalisation rate used to determine the finance costs capitalised during the period	<u>4.86%</u>	<u>4.72%</u>	<u>4.86%</u>	<u>4.72%</u>

Due to housing property development dating back many years, it has not been possible to determine the aggregate amount of capitalised interest included in the cost of fixed asset housing properties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Employees

Average monthly number of employees expressed in full time equivalents:

	Group		Association	
	2011 No.	2010 No.	2011 No.	2010 No.
Administration	53	53	53	5
Development	12	8	12	-
Housing, support and care	165	206	165	195
	<u>230</u>	<u>267</u>	<u>230</u>	<u>200</u>

Employee costs:

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Wages and salaries	7,581	8,324	7,581	5,795
Social security costs	688	727	688	491
Other pension costs	477	248	477	99
	<u>8,746</u>	<u>9,299</u>	<u>8,746</u>	<u>6,385</u>

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

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 total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the year ended 31 March 2011 under FRS17 represents the employer contributions payable. From 1 April 2011 the Group has introduced a salary sacrifice scheme by which employees forego remuneration equivalent to the value of the pension contributions attributable to the employee. The Group then pays these contributions on behalf of the employee. Thus the charge for the year ended 31 March 2011 under FRS 17 represents the total employer contributions payable.

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 so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 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 £1,527m. The valuation revealed a shortfall of assets compared with the value of liabilities of £663m, equivalent to a past service funding level of 70%

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 actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985m and indicated an decrease in the shortfall of assets compared to liabilities to approximately £497m, equivalent to a past service funding level of 80.0%.

The next triennial formal valuation of the Scheme is due as at 30 September 2011. The results of the valuation will be available in the autumn of 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Board members and executive directors

Group	Basic salary £ '000	Benefits in kind £ '000	Pension contr'n's £ '000	2011 Total £ '000	2010 Total £ '000
Aggregate emoluments	438	1	119	558	592
Association	Basic salary £ '000	Benefits in kind £ '000	Pension contr'n's £ '000	2011 Total £ '000	2010 Total £ '000
Aggregate emoluments	438	1	119	558	-

Except for the Chair who received £10,000 (2010: £10,004) and the Chief Executive, whose remuneration is detailed below, none of the Board members received emoluments. Expenses paid during the year to board members amount to £524 (2010: £597).

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £110,965 (2010: £126,671). The Chief Executive is a member of the Social Housing Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

Group	Basic salary £ '000	Benefits in kind £ '000	Pension contr'n's £ '000	2011 Total £ '000	2010 Total £ '000
Aggregate emoluments of highest paid director	111	-	32	143	143
Association	Basic salary £ '000	Benefits in kind £ '000	Pension contr'n's £ '000	2011 Total £ '000	2010 Total £ '000
Aggregate emoluments of highest paid director	111	-	32	143	-

10 Tax on surplus on ordinary activities

Origin Properties Limited and Origin Finance Limited are subject to corporation tax. St Pancras Street Properties Limited is subject to Corporation Tax but it is a dormant company. Origin Housing Limited has Charitable Objects and is exempt from corporation tax on its charitable activities. However, during the Association incurred corporation tax on profits made from the sale of properties.

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
United Kingdom Corporation Tax				
Current tax on income for the year	-	110	-	-
Adjustments in respect of prior periods	(2)	(2)	-	-
Current tax charge for the period	(2)	108	-	-
Deferred tax				
Origination and reversal of timing differences	46	17	46	-
	44	125	46	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Tax on surplus on ordinary activities (continued)

Factors affecting the tax charge for the period

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Surplus/(deficit) for the year before taxation	1,229	8,708	1,610	7,575
Corporation tax at 28% (2010: 21%)	344	1,829	467	1,591
<i>Effects of:</i>				
Expenditure not deductible for tax purposes	2	1	-	-
Tax free profit/income	(424)	(1,698)	(440)	(1,591)
Tax charged at higher rate (2010: 28%)	-	27	-	-
Deduction for capitalised interest	(5)	-	-	-
Accelerated capital allowances	-	(28)	-	-
Other timing differences	-	1	-	-
Adjustments in respect of prior years	-	(2)	-	-
Qualifying charitable donations	52	(32)	-	-
Utilised trade losses	-	10	-	-
Losses carried forward	31	-	-	-
Group relief claimed	-	-	(27)	-
	-	108	-	-

The Group had a deferred tax asset of £nil as at 31 March 2011 (2010: £46k) in relation to tax losses and accelerated capital allowances.

Deferred tax

	Group		Association	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Accelerated capital allowances	-	(11)	-	-
Other short term timing differences	-	(5)	-	-
Losses	-	(30)	-	-
	-	(46)	-	-
Movement in provision:				
Provision/ (asset) at start of period	(46)	(63)	-	-
Transfer of engagements	-	-	(46)	-
Deferred tax debit to Income & Expenditure account	46	17	46	-
	-	(46)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties

Group	Social housing held for letting £'000	Non-social housing held for letting £'000	Social housing to let under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total £'000
Cost						
At 1 April 2010	324,407	2,079	59,248	27,403	2,866	416,003
Reclassification	6,417	(19)	2,262	(8,660)	-	-
Additions – new properties/ construction	3,241	-	24,791	52	3,478	31,562
Additions – works to existing properties	3,457	-	-	-	-	3,457
Schemes completed	49,791	-	(49,791)	1,080	(1,080)	-
Transfer from other fixed assets	4,176	-	-	-	-	4,176
Transfer to current assets	-	-	-	(400)	(600)	(1,000)
Disposals	(4,431)	-	-	(306)	-	(4,737)
At 31 March 2011	<u>387,058</u>	<u>2,060</u>	<u>36,510</u>	<u>19,169</u>	<u>4,664</u>	<u>449,461</u>
Accumulated depreciation and impairment						
At 1 April 2010	10,718	121	2,998	490	-	14,327
Reclassification	2,858	-	(2,998)	140	-	-
Depreciation charge	2,230	13	-	80	-	2,323
Transfer from other fixed assets	1,723	-	-	-	-	1,723
Transfer from commercial properties	78	-	-	-	-	78
Disposals	(386)	-	-	(5)	-	(391)
At 31 March 2011	<u>17,221</u>	<u>134</u>	<u>-</u>	<u>705</u>	<u>-</u>	<u>18,060</u>
Depreciated cost						
At 1 April 2010	<u>313,689</u>	<u>1,958</u>	<u>56,250</u>	<u>26,913</u>	<u>2,866</u>	<u>401,676</u>
At 31 March 2011	<u>369,837</u>	<u>1,926</u>	<u>36,510</u>	<u>18,464</u>	<u>4,664</u>	<u>431,401</u>
Social Housing Grant						
At 1 April 2010	150,864	-	28,105	9,970	-	188,939
Reclassification	(5,787)	-	1,465	4,322	-	-
Additions	510	-	18,992	-	1,218	20,720
Recycled during the year	-	-	469	-	130	599
Schemes completed in the	15,484	-	(15,484)	165	(165)	-
Disposals	(2,729)	-	-	(76)	-	(2,805)
At 31 March 2011	<u>158,342</u>	<u>-</u>	<u>33,547</u>	<u>14,381</u>	<u>1,183</u>	<u>207,453</u>
Other Grants						
At 1 April 2010 & 31 March 2011	<u>3,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,293</u>
Net book value						
At 1 April 2010	<u>159,532</u>	<u>1,958</u>	<u>28,145</u>	<u>16,943</u>	<u>2,866</u>	<u>209,444</u>
At 31 March 2011	<u>208,202</u>	<u>1,926</u>	<u>2,963</u>	<u>4,083</u>	<u>3,481</u>	<u>220,655</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties (continued)

Association	Social housing held for letting £'000	Non-social housing held for letting £'000	Social housing to let under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total £'000
Cost						
At 1 April 2010	316,963	-	59,248	15,833	2,866	394,910
Transfer of engagements	7,444	2,079	-	11,570	-	21,093
Reclassification	6,417	(19)	2,262	(8,660)	-	-
Additions – new properties/ construction	3,241	-	24,791	52	3,478	31,562
Additions – works to existing properties	3,457	-	-	-	-	3,457
Schemes completed	49,791	-	(49,791)	1,080	(1,080)	-
Transfer from other fixed assets	4,176	-	-	-	-	4,176
Transfer to current assets	-	-	-	(400)	(600)	(1,000)
Disposals	(4,431)	-	-	(306)	-	(4,737)
At 31 March 2011	<u>387,058</u>	<u>2,060</u>	<u>36,510</u>	<u>19,169</u>	<u>4,664</u>	<u>449,461</u>
Accumulated depreciation and impairment						
At 1 April 2010	10,628	-	2,998	103	-	13,729
Transfer of engagements	90	121	-	387	-	598
Reclassification	2,858	-	(2,998)	140	-	-
Depreciation charge	2,230	13	-	80	-	2,323
Transfer from other fixed assets	1,723	-	-	-	-	1,723
Transfer from commercial properties	78	-	-	-	-	78
Disposals	(386)	-	-	(5)	-	(391)
At 31 March 2011	<u>17,221</u>	<u>134</u>	<u>-</u>	<u>705</u>	<u>-</u>	<u>18,060</u>
Depreciated cost						
At 1 April 2010	<u>306,335</u>	<u>-</u>	<u>56,250</u>	<u>15,730</u>	<u>2,866</u>	<u>381,181</u>
At 31 March 2011	<u>369,837</u>	<u>1,926</u>	<u>36,510</u>	<u>18,464</u>	<u>4,664</u>	<u>431,401</u>
Social Housing Grant						
At 1 April 2010	153,564	-	23,893	6,117	-	183,574
Transfer of engagements	1,512	-	-	3,853	-	5,365
Reclassification	(5,787)	-	1,465	4,322	-	-
Grant received	510	-	18,992	-	1,218	20,720
Recycled during the year	-	-	469	-	130	599
Schemes completed in the year	15,484	-	(15,484)	165	(165)	-
Disposals	(2,729)	-	-	(76)	-	(2,805)
At 31 March 2011	<u>162,554</u>	<u>-</u>	<u>29,335</u>	<u>14,381</u>	<u>1,183</u>	<u>207,453</u>
Other Grants						
At 1 April 2010 & 31 March 2011	<u>3,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,293</u>
Net book value						
At 1 April 2010	<u>149,478</u>	<u>-</u>	<u>32,357</u>	<u>9,613</u>	<u>2,866</u>	<u>194,314</u>
At 31 March 2011	<u>203,990</u>	<u>1,926</u>	<u>7,175</u>	<u>4,083</u>	<u>3,481</u>	<u>220,655</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties (continued)

The Association conducted a review of its properties in March 2011 to identify any which had suffered a permanent diminution in value to the extent that a provision for impairment was required. No impairment was charged in the year.

Expenditure on works to existing properties:

	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Amounts capitalised	3,457	4,620	3,457	4,620
Amounts charged to income and expenditure account	(1,201)	1,427	(1,201)	1,365
Total expenditure on works to existing properties	<u>2,256</u>	<u>6,047</u>	<u>2,256</u>	<u>5,985</u>

Social housing and other grants

	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Total accumulated grants receivable at 31 March was:				
Social Housing Grant	207,453	188,939	207,453	183,574
Other grants	3,293	3,293	3,293	3,293
	<u>210,746</u>	<u>192,232</u>	<u>210,746</u>	<u>186,867</u>

No accumulated Social Housing Grant has been accounted for as revenue grant during this or the prior financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Tangible fixed assets – commercial properties

	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Cost or valuation				
At 1 April	26,484	26,286	24,806	24,608
Transfer of engagements	-	-	1,678	-
Transfer to other fixed assets	(259)	-	(259)	-
Additions	3,549	198	130	198
Revaluation	-	-	-	-
At 31 March	<u>29,774</u>	<u>26,484</u>	<u>26,355</u>	<u>24,806</u>
Accumulated depreciation and impairment				
At 1 April	381	340	232	159
Transfer of engagements	-	-	149	-
Transfer to housing properties	(78)	-	(78)	-
Transfer to other fixed assets	(2)	-	(2)	-
Depreciation charged in the year	91	94	83	73
Impairment (released)/ charged in the year	-	(53)	-	-
At 31 March	<u>392</u>	<u>381</u>	<u>384</u>	<u>232</u>
Net book value				
At 1 April	<u>26,103</u>	<u>25,946</u>	<u>24,574</u>	<u>24,449</u>
At 31 March	<u>29,382</u>	<u>26,103</u>	<u>25,971</u>	<u>24,574</u>

The Association conducted a review of its properties in March 2011 for impairment. No impairment was charged (2010: nil) during the year. The date of the last full external valuation was as at 31 March 2007, with an interim valuation at 31 March 2009. Details of valuations are disclosed in the accounting policies note (page 22). The historic cost of these properties is £8.4m.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Tangible fixed assets - other

Group	Tenant furniture £'000	Furniture, fixtures & fittings £'000	Computers & office equipm't £'000	Total £'000
Cost				
At 1 April 2010	865	6,347	5,519	12,731
Reclassification	-	(31)	31	-
Transfer from commercial property	-	259	-	259
Transfer to housing properties	-	(4,176)	-	(4,176)
Additions	-	438	578	1,016
Disposals	(865)	(52)	(513)	(1,430)
At 31 March 2011	-	2,785	5,615	8,400
Accumulated depreciation				
At 1 April 2010	865	3,511	4,565	8,941
Reclassification	-	(40)	40	-
Transfer from commercial property	-	2	-	2
Transfer to housing properties	-	(1,723)	-	(1,723)
Charged in year	-	94	402	496
Disposals	(865)	(52)	(513)	(1,430)
At 31 March 2011	-	1,792	4,494	6,286
Net book value				
At 1 April 2010	-	2,836	954	3,790
At 31 March 2011	-	993	1,121	2,114

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Tangible fixed assets – other (continued)

Association	Tenant furniture £'000	Furniture, fixtures & fittings £'000	Computers & office equipm't £'000	Total £'000
Cost				
At 1 April 2010	865	6,281	1,178	8,324
Transfer of engagements	-	66	4,341	4,407
Reclassification	-	(31)	31	-
Transfer from commercial property	-	259	-	259
Transfer to housing properties	-	(4,176)	-	(4,176)
Additions	-	438	578	1,016
Disposals	(865)	(52)	(513)	(1,430)
At 31 March 2011	-	2,785	5,615	8,400
Accumulated depreciation				
At 1 April 2010	865	3,464	1,162	5,491
Transfer of engagements	-	47	3,403	3,450
Reclassification	-	(40)	40	-
Transfer from commercial property	-	2	-	2
Transfer to housing properties	-	(1,723)	-	(1,723)
Charged in year	-	94	402	496
Disposals	(865)	(52)	(513)	(1,430)
At 31 March 2011	-	1,792	4,494	6,286
Net book value				
At 1 April 2010	-	2,817	16	2,833
At 31 March 2011	-	993	1,121	2,114

14 Investment in subsidiaries

Association

	2011 £ '000	2010 £ '000
Investment in Origin Properties Limited	3,600	-
Investment in St Pancras Street Properties Limited	1	-
	<u>3,601</u>	<u>955</u>

The Association owns 1 ordinary £1 share in Origin Finance Limited (100% of issued share capital); 4 ordinary £1 shares (100% of issued share capital) in Origin Properties Limited; and 999 ordinary £1 shares (99.9% of issued share capital) in St Pancras Street Properties Limited.

The country of incorporation for all these companies was England and the activities of each entity are detailed in the Operating and Financial Review on pages 7 to 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Investment in subsidiaries (continued)

As required by statute, the financial statements consolidate the results of Origin Finance Limited and Origin Properties Limited which were members of the Group for the whole of the year. The Association has the right to appoint members to the boards of the Group members and thereby exercises control over them. Origin Housing Limited is the ultimate parent undertaking.

During the year the Association provided management services for Origin Finance Limited and Origin Properties Limited. It also provided loans to Origin Properties Limited amounting to £6,154k.

15 Properties for sale

Group	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Properties under construction	4,064	955	1,555	955
Completed properties	877	502	877	-
	<u>4,941</u>	<u>1,457</u>	<u>2,432</u>	<u>955</u>

16 Debtors

	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Rent and service charges receivable	3,252	2,896	3,198	2,160
Provision for bad and doubtful debts	(1,194)	(1,146)	(1,194)	(885)
	<u>2,058</u>	<u>1,750</u>	<u>2,004</u>	<u>1,275</u>
Social Housing Grant receivable	3,087	-	3,087	-
Commercial rent and service charge arrears	953	378	953	314
Amounts due from group companies	-	-	2,942	1,476
Prepayments and accrued income	1,347	840	1,347	690
Other debtors	2,252	1,625	2,252	1,275
	<u>9,697</u>	<u>4,593</u>	<u>12,585</u>	<u>5,030</u>

17 Current asset investments

Group	2011 £ '000	2010 £ '000
Investment Fund	<u>16</u>	<u>14</u>

Listed investments are carried at market value. The historic cost of the above investment is £14k.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Creditors: amounts falling due within one year

	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Debt (note 20)	1,396	4,434	1,427	4,282
Trade creditors	760	302	760	130
Grants received in advance	10	98	10	70
Amounts owed to group companies	-	-	44	17,339
Recycled capital grant fund (note 21)	73	599	73	599
Capital grants repayable	-	399	-	399
Corporation tax	-	110	-	-
Other taxation and social security	347	251	337	159
Leaseholder sinking funds	389	384	389	-
Accrued interest	1,644	1,428	1,644	1,315
Capital accrual	4,874	2,806	4,874	2,806
Deferred income	1,076	794	1,021	789
Other creditors and accruals	4,763	4,680	4,758	3,618
	<u>15,332</u>	<u>16,285</u>	<u>15,337</u>	<u>31,506</u>

Social Housing Grants received in advance will be utilised against capital expenditure in the next financial year.
Capital grants repayable related to an overpayment by the Homes and Communities Agency.

19 Creditors: amounts falling due after more than one year

	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Debt (note 20)	180,774	174,375	181,152	143,909
Recycled capital grant fund (note 21)	168	73	168	73
	<u>180,942</u>	<u>174,448</u>	<u>181,320</u>	<u>143,982</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Debt

	Group		Association	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Due within one year				
Bank overdraft	467	1,339	467	1,156
Bank loans	972	3,126	972	3,126
	<u>1,439</u>	<u>4,465</u>	<u>1,439</u>	<u>4,282</u>
Deferred financing costs	(43)	(31)	(12)	-
	<u>1,396</u>	<u>4,434</u>	<u>1,427</u>	<u>4,282</u>
Due after more than one year				
Bank loans	181,443	174,734	181,443	143,859
Other loans	49	50	49	50
	<u>181,492</u>	<u>174,784</u>	<u>181,492</u>	<u>143,909</u>
Deferred financing costs	(718)	(409)	(340)	-
	<u>180,774</u>	<u>174,375</u>	<u>181,152</u>	<u>143,909</u>
Between one and two years	4,199	965	4,199	965
Between two and five years	10,179	11,815	10,179	11,815
In five or more years	167,114	162,004	167,114	131,129
	<u>181,492</u>	<u>174,784</u>	<u>181,492</u>	<u>143,909</u>
Deferred financing costs	(718)	(409)	(340)	-
	<u>180,774</u>	<u>174,375</u>	<u>181,152</u>	<u>143,909</u>
Total debt				
Loans	182,931	179,249	182,931	148,191
Deferred financing costs	(761)	(440)	(352)	-
	<u>182,170</u>	<u>178,809</u>	<u>182,579</u>	<u>148,191</u>

The bank loans are secured by fixed charges on individual properties.

The bank and other loans are repaid at various times of the year. The interest rates are a mixture of fixed and variable rates, and range from 0.97% to 12.46% (2010: 0.82% to 21.54%).

The interest of 12.46% relates to £1.7m which is repayable in March 2039.

At 31 March 2011 the Group had undrawn loan facilities of £82.2m (2010: £59.8m) of which £28.4m (2010: £35.5m) has security in place.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Recycled capital grant fund

Group	2011 £ '000	2010 £ '000
At 1 April 2010	672	2,196
Grants recycled	168	220
Interest accrued	-	11
Purchase/ development of properties	(599)	(1,755)
At 31 March 2011	<u>241</u>	<u>672</u>
Disclosed as:		
Amounts falling due within one year (note 18)	73	599
Amounts falling due after more than one year (note 19)	168	73
	<u>241</u>	<u>672</u>
Amount due for repayment to the Homes and Communities Agency	<u>-</u>	<u>-</u>

Association	2011 £ '000	2010 £ '000
At 1 April 2010	672	1,821
Grants recycled	168	597
Interest accrued	-	9
Purchase/ development of properties	(599)	(1,755)
At 31 March 2011	<u>241</u>	<u>672</u>
Disclosed as:		
Amounts falling due within one year (note 18)	73	599
Amounts falling due after more than one year (note 19)	168	73
	<u>241</u>	<u>672</u>
Amount due for repayment to the Homes and Communities Agency	<u>-</u>	<u>-</u>

22 Provisions for liabilities and charges

The group had no provisions for liabilities and charges at the balance sheet date (2010: nil)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Non-equity share capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

Association	2011 £	2010 £
Shares of £1 each issued and fully paid		
At 1 April 2010	60	63
Shares issued during the year		1
Shares surrendered during the year	(4)	(4)
At 31 March 2011	<u>56</u>	<u>60</u>

24 Reserves

Group	Revaluation reserve £ '000	Revenue reserve £ '000	Negative goodwill/ Loan premium £ '000	Designated reserves £ '000	Total £ '000
At 1 April 2010	16,418	51,173	4,102	824	72,517
Surplus for the financial year	-	1,185	-	-	1,185
Transfers from/ (to) revenue reserve	-	(128)	(35)	163	-
Unrealised surplus on investments	2	-	-	-	2
Loan Premium	-	49	(49)	-	-
At 31 March 2011	<u>16,420</u>	<u>52,279</u>	<u>4,018</u>	<u>987</u>	<u>73,704</u>

Association	Revaluation reserve £ '000	Revenue reserve £ '000	Negative goodwill/ Loan premium £ '000	Designated reserves £ '000	Total £ '000
At 1 April 2010	16,418	44,814	4,102	824	66,158
Transfer of engagements (note 33)	-	6,164	-	-	6,164
Surplus for the financial year	-	1,564	-	-	1,564
Transfers from/ (to) revenue reserve	-	(128)	(35)	163	-
Unrealised surplus on investments	2	-	-	-	2
Loan Premium	-	49	(49)	-	-
At 31 March 2011	<u>16,420</u>	<u>52,463</u>	<u>4,018</u>	<u>987</u>	<u>73,888</u>

There are three designated reserves one maintained for sheltered scheme commitments; one community fund (the John Toomey Heritage Fund) dedicated to supporting initiatives which promote the heritage of the organisation; and one gardening fund (Irene Barclay Garden Fund) for community gardening projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Financial commitments

Capital expenditure commitments were as follows:

	<u>Group</u>		<u>Association</u>	
	2011 £ '000	2010 £ '000	2011 £ '000	2010 £ '000
Expenditure contracted for but not provided in the accounts	48,817	3,716	48,817	3,716
Expenditure authorised by the Board, but not contracted	9,880	59,065	9,880	59,065
	<u>58,697</u>	<u>62,781</u>	<u>58,697</u>	<u>62,781</u>

The above commitments will be financed primarily through borrowings and Social Housing Grant.

Commitments under operating leases were as follows:

Office equipment and computers

Group	2011 £ '000	2010 £ '000
Operating leases which expire:		
- Within one year	15	12
- One to five years	43	52
	<u>58</u>	<u>64</u>

26 Contingent liabilities

The Group (and Association) had contingent liabilities of £110k in relation to ongoing supplier disputes (2010: £165k).

27 Reconciliation of operating surplus to net cash flow from operating activities

	2011 £ '000	2010 £ '000
Operating surplus	5,631	10,266
Depreciation of housing properties	2,414	1,749
Depreciation of other fixed assets	496	632
Impairment of housing properties	-	2,993
Revaluation of investments	(2)	(130)
	<u>8,539</u>	<u>15,510</u>
Working capital movements		
Properties for sale	(3,484)	17,982
Debtors	(2,017)	1,096
Creditors	1,140	(1,569)
Net cash inflow from operating activities	<u>4,178</u>	<u>33,019</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 Reconciliation of net cash flow to movement in net debt

	2011 £ '000	2010 £ '000
Decrease/(increase) in cash	13,758	(10,490)
Cash inflow from increase in debt	4,233	13,887
Increase in net debt from cash flows	<u>17,991</u>	<u>3,397</u>
Cash inflow from disposal of investments	-	597
Change in market value of investments	(2)	(134)
Total changes in net debt for the period	<u>17,989</u>	<u>3,860</u>
Net debt at 1 April 2010	160,992	157,132
Net debt at 31 March 2011	<u><u>178,981</u></u>	<u><u>160,992</u></u>

29 Analysis of net debt

	1 April 2010 £ '000	Cash flow £ '000	Non-cash movm't £ '000	31 March 2011 £ '000
Cash at bank and in hand	17,803	(14,630)	-	3,173
Bank Overdraft	(1,339)	872	-	(467)
Changes in cash	<u>16,464</u>	<u>(13,758)</u>	<u>-</u>	<u>2,706</u>
Current asset investment	14		2	16
Loans	(177,470)	(4,233)		(181,703)
Changes in net debt	<u><u>(160,992)</u></u>	<u><u>(17,991)</u></u>	<u><u>2</u></u>	<u><u>(178,981)</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 Financial assets and liabilities

Financial assets

Other than short-term debtors, financial assets held are cash deposits placed on money markets at call.

Group	2011 £ '000	2010 £ '000
Sterling	16	14

Financial liabilities excluding trade creditors – interest rate risk profile

	2011 £ '000	2010 £ '000
Floating rate	36,296	26,927
Fixed rate	146,574	152,322
Total	<u>182,870</u>	<u>179,249</u>

The Association's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Group's financial liabilities at 31 March were:

The fixed rate financial liabilities have a weighted average interest rate of 5.51% (2010: 6.51%) and the average period for which it is fixed is 19 years (2010: 20 years).

The floating rate financial liabilities comprise bank loans and overdrafts that bear interest at rates based on the three-month LIBOR.

The debt maturity profile is shown in note 20.

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2011 £ '000	2010 £ '000
Expiring in more than two years	<u>82,213</u>	<u>59,789</u>

31 Related parties

The Association has taken advantage of the exemption conferred by Financial Reporting Standard 8, *Related Party Disclosures*, that allows it not to disclose transactions.

There was one tenant member of the Board during the year, Paulette Rose. Her tenancy is on normal commercial terms and she is not able to use her position to her advantage.

32 Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is a Registered Provider of Social Housing registered with the Tenant Services Authority under the Housing and Regeneration Act 2008.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 Transfer of engagements

On 1 April 2010, Origin Housing Limited (previously St Pancras & Humanist Housing Association Limited) acquired under a transfer of engagements, as provided by Section 51 of the Industrial and Provident Societies Act 1965, the assets and liabilities of Griffin Housing Association Limited, a fellow subsidiary, and Origin Housing Group Limited, its ultimate holding company.

The assets and liabilities transferred to the Association, from Griffin Housing Association Limited and Origin Housing Group Limited are shown below:

Association	2011 £ '000
Housing properties at cost less depreciation and impairment	20,495
Social housing grant	(5,365)
Commercial properties at valuation	1,529
Other tangible fixed assets at cost	957
	<u>17,616</u>
Current assets	19,965
Current liabilities	(2,917)
	<u>34,664</u>
	<u><u>34,664</u></u>
Long term loans	28,500
Revenue reserves	6,164
	<u>34,664</u>
	<u><u>34,664</u></u>

34 Post balance sheet events

On 23 May 2011, Origin acquired a new subsidiary company, Origin Housing Developments Limited.