

Industrial and Provident Societies Act No. 19475R
Registered Social Landlord No. L1965

KENISTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2010

KENISTON HOUSING ASSOCIATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

MANAGEMENT COMMITTEE

Alan Messenger
Jane Clarke
Robert Goddard
Graham Colley
Suki Dhadwar
Jennifer Hillier
Anthony Mills
Peter Mishcon
Pat Mungeam
David Salenius
Bruce Shelmerdine
Paul Shann
Clifford Yeend

CHIEF EXECUTIVE

Nevil Osborne

SECRETARY

Nevil Osborne

BANKERS

National Westminster Bank Plc
354 Crofton Road
Farnborough
Kent
BR6 8UN

AUDITORS

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

REGISTERED OFFICE

13 Artington Close
Farnborough
Orpington
Kent
BR6 7UL

STATUTORY REGISTRATIONS

Industrial and Provident Societies Act
No. 19475R

Registered Social Landlord
No. L1965

KENISTON HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2010

The Management Committee is pleased to present its report and the audited financial statements for the year ended 31 March 2010.

Principal Activities

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

Review of the business

For the year ended 31 March 2010, the Association made a surplus of £286,718 (2009: £150,384) which has been transferred to reserves (note 15). After transfers between reserves our total designated reserves now stand at £340,359 (2009: £340,359) and our revenue reserves at £3,636,573 (2009: £3,344,275).

After taking account of transfers and other investments in our properties, our assets before deducting long term loans total £7,545,200 (2009: £7,342,945).

The ongoing programme of major repairs at Darrick Wood came to an end during the year. Other contracts started during the year include:

- stock re-investment works on 715 properties
- external redecoration works covering 236 properties
- adaptations to properties for 5 people with disabilities

The financial results are broadly in line with the budget.

Housing property values are shown at historic costs and depreciation is charged in line with the Statement of Recommended Practice (SORP) for Registered Social Landlords (updated 2008).

Management Committee Members

The members of the Management Committee of the Association who have served during the year are shown below:

Alan Messenger	
Jane Clarke	
Robert Goddard	
Graham Colley	
Ian Ferguson	(Resigned July 2009)
Jennifer Hillier	
Peter Mishcon	
Valia Miteva-Vitchev	(Resigned July 2009)
David Salenius	
Paul Shann	
Suki Dhadwar	(Appointed September 2009)
Anthony Mills	(Appointed September 2009)
Pat Mungeam	(Appointed September 2009)
Bruce Shelmerdine	(Appointed September 2009)
Clifford Yeend	(Appointed September 2009)

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2010 (continued)

Management Committee Members (continued)

Management Committee Members are expected to:

- uphold the values and objectives of the Association;
- uphold the Association's core policies (including those for equal opportunities);
- prepare for and attend meetings of the Committee;
- participate in meetings, contributing expertise where applicable;
- contribute to and share responsibility for the Committee's decisions;
- consider attending training sessions, conferences or other events for enhancing skills and contributions as a committee member;
- ask for training where it is needed;
- represent the Association on occasions;
- welcome new Committee members;
- declare any relevant interest;
- respect confidentiality of information; and
- uphold the Association's Code of Governance.

Each member of the Management Committee holds one fully paid share of £1 in the Association. As with all Industrial and Provident societies, profits are not distributed to shareholders.

Nevil Osborne, employed as Chief Executive, acting as Company Secretary, does not hold a £1 share.

Insurance

Insurance policies are maintained by the Association for all buildings, certain areas of risk and for members of the Management Committee and all staff against liabilities in relation to the Association.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitude and abilities. In the event of employees becoming disabled, the policy is to make every effort to retain them in order that their employment within the organisation may continue.

Investors in People

The Association received ongoing recognition as an Investor in People in March 2010.

Equal Opportunities

The Association takes seriously its responsibilities in this area. Further efforts were made in following Keniston's own Black and Minority Ethnic (BME) strategy during the year.

Training

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees. Approximately 15 training sessions were provided for 27 staff during the year at a direct cost of approximately £11,531 (2009: £12,219). Appropriate training is also made available to management committee members.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2010 (continued)

Employee involvement

The Association has continued its practice of keeping employees informed on matters affecting them and on the progress of the Association. This is carried out in a number of ways, including formal and informal briefings and team meetings.

Donations

The Association made small charitable donations of money to other organisations supporting local communities in which the Association works or for the homeless.

Corporate Governance

The Management Committee has adopted, with minor amendments, the National Housing Federation's (NHF) Code of Governance 2000.

The Management Committee is committed to integrity and accountability in the stewardship of the Association's affairs and considers that the Association has complied throughout the period under review with the provisions of the NHF's Code of Governance.

Keniston Housing Association uses the National Housing Federation model rules 1998 with charitable and other minor amendments.

Composition of the Management Committee

The Management Committee currently comprises 13 non-executive members and normally meets with the senior managers 9 times a year. Additionally, the Finance Manager is elected secretary and is a non-voting member of the Committee.

The Committee has a formal schedule of matters reserved for its decision, which includes overall group strategy and future development, allocation of financial resources, risk management, acquisitions and disposals, approval of major financial transactions, annual budgets, annual results, appointment of the Chief Executive and various policies including treasury management. Responsibility for the Association's day to day operations is delegated to the managers who report through the Chief Executive.

The complaints sub committee met four times during the year.

The Health and Safety sub committee was disbanded during the year and did not meet.

Management Team

The senior staff of the Association who served during the year are as follows:

Christopher Bryant	(Housing Services Manager resigned January 2010)
Vivienne Astall	(Housing Services Manager from March 2010)
Helene Harris	(Finance Manager returned from maternity leave November 2009)
Thomas Weston	(Acting Finance Manager until October 2009)
Nevil Osborne	(Chief Executive)
Stephen Playle	(Repairs Service Manager)

The senior staff hold no interest in the Association's share capital. They act as executives within the authority delegated by the Management Committee. The detailed scrutiny and performance, the development of policy and procedures and expenditure approvals within budget are carried out by the management team in conjunction with other staff and advisers. The management team normally meets twice a month.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2010 (continued)

Related party disclosures

There were no related party disclosures during the year.

Internal controls

The Management Committee is ultimately responsible for the group's system of internal control and for reviewing its effectiveness. However, it is recognised that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement of loss.

Even though there is no longer a regulatory requirement to follow Housing Corporation Circular 07/07 the Management Committee intends to continue to comply with it. The Management Committee confirms there is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Association, that has been in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the Management Committee and in accordance with the Circular.

The Management Committee has reviewed the effectiveness of the system of internal control by reviewing the evidence of controls, the Risk Management policy and procedures in place over the year. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The Risk Management policy includes:

- the need for managing ongoing viability, especially to fund stock reinvestment works
- avoidance of high impact risks
- balancing growth and existing service provision
- insurance
- use of internal and external auditors.

Managers are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on an ongoing basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe, regulatory requirements and failure to achieve business critical objectives.

A control self-assessment and hierarchical reporting framework has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all operations and provide for assurances to be given through the Management Team to the Management Committee. Members of the Management Team report quarterly to the Management Committee on their review of risks through a checklist of internal controls and how they are managed within their individual responsibilities.

Independent internal auditors also provide a degree of assurance as to the operation and validity of the systems of internal control. A three year programme of internal audit derived from an audit needs assessment includes reviewing the risk identification procedures and control processes implemented by the Management Team. Internal Auditors have continued the programme of reviews during the year and the internal audit reports with management responses have been reported promptly to the Management Committee, following each review visit. Planned corrective actions are monitored for timely completion.

The Chief Executive also reports to the Management Committee on behalf of the Management Team on significant changes in the business and the external environment which affect significant risks. The Finance Manager provides the Management Committee with quarterly financial information which

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2010 (continued)

includes key performance and risk indicators. Performance reporting on key areas of activity is also reported to the Management Committee quarterly.

Regulation and permitted activities

As a Registered Social Landlord, Keniston was regulated by the Housing Corporation until 30 November 2008 and is now regulated by the Housing Corporation's successor, The Tenant Services Authority.

Keniston is permitted to carry out any activities to further its main objective as summarised above (Principal Activities). Non housing activities do not exceed 30% of turnover.

Going concern

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

Auditors

A resolution to reappoint the auditors, Nexia Smith and Williamson will be proposed at the next annual general meeting.

By order of the Management Committee

Alan Messenger
Chairman

Date

KENISTON HOUSING ASSOCIATION LIMITED

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Industrial and Provident Societies Acts and registered social housing legislation require the Management Committee to prepare financial statements for each financial year which 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 Management Committee are required to:-

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

The Management Committee are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and its assets and liabilities and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996 and the accounting requirements for Registered Social Landlords General Determination 2006. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Nexia Smith & Williamson

Independent auditors' report to the members of Keniston Housing Association Limited

We have audited the accounts of Keniston Housing Association Limited for the year ended 31 March 2010 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, Notes to the Cash Flow Statement and the related notes 1 to 23. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with the requirements of statute. 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 described on page 8 the association's board are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards and the relevant Statement of Recommended Practice.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the Board Report is not consistent with the accounts, if the association has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

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

Basis of audit opinion

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

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

Opinion

In our opinion the accounts:

- give a true and fair view of the state of the Association's affairs as at 31 March 2010 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date

KENISTON HOUSING ASSOCIATION LIMITED**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
Turnover	2,3	3,654,746	3,469,216
Operating costs	2,3	(3,174,734)	(3,132,640)
Operating surplus	2,3	480,012	336,576
Other income		65,458	38,152
Surplus on ordinary activities before interest and tax		545,470	374,728
Other interest receivable and similar income		9,519	19,624
Interest payable and similar charges	6	(268,271)	(243,968)
Surplus for the year	7	286,718	150,384

The Association's activities are all classified as continuing and there are no recognised surpluses or deficits other than those included above.

KENISTON HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets:			
Housing properties: cost less depreciation	8	54,741,100	54,680,902
Social housing grant	8	(49,337,094)	(49,308,750)
		<hr/>	<hr/>
		5,404,006	5,372,152
Other tangible fixed assets	9	336,662	296,653
		<hr/>	<hr/>
		5,740,668	5,668,805
Current assets			
Debtors	10	168,135	221,704
Cash at bank and in hand		2,866,271	1,846,522
		<hr/>	<hr/>
		3,034,406	2,068,226
Creditors: Amounts falling due within one year	11	(1,229,874)	(394,086)
		<hr/>	<hr/>
Net current assets		1,804,532	1,674,140
		<hr/>	<hr/>
Total assets less current liabilities		7,545,200	7,342,945
		<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due after more than one year	12	3,160,738	3,245,206
Capital and reserves			
Non equity share capital	14	29	24
Designated reserves	15	340,359	340,359
Revenue reserves	15	3,636,573	3,344,275
Acquisition reserve	15	407,501	413,081
		<hr/>	<hr/>
		7,545,200	7,342,945
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Management Committee on 17th June 2010 and signed on their behalf by:

KENISTON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Net cash inflow from operating activities	A	815,467	381,328
Returns on investments and servicing of finance			
Interest received		9,628	20,802
Interest paid		(269,216)	(243,023)
Net outflow from returns on investments and servicing of finance		(259,588)	(222,221)
		555,879	159,107
Capital expenditure and financial investment			
Proceeds on disposal of other fixed assets		9,650	3,500
Additions to housing properties		(126,103)	(162,518)
SHG received in the year		774,000	-
Purchase of other tangible fixed assets		(118,611)	(34,110)
Net cash inflow/(outflow) from capital expenditure and financial investment		538,936	(193,128)
Net cash inflow/(outflow) before management of liquid resources and financing		1,094,815	(34,021)
Financing			
Housing loans		-	1,450,000
Housing loans repaid		(75,066)	(56,917)
Net cash (outflow)/inflow from financing		(75,066)	1,393,083
Increase in cash		1,019,749	1,359,062

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

A	Reconciliation of operating deficit to net cash inflow from operating activities		2010	2009
			£	£
	Operating surplus		480,012	336,576
	Other income		65,458	38,152
	Depreciation charges		140,591	144,242
	Surplus on disposal of fixed assets		(5,734)	(4,244)
	Decrease/(increase) in debtors		53,465	(69,640)
	Increase/(decrease) in creditors		81,675	(63,758)
			<hr/>	<hr/>
	Net cash inflow from operating activities		815,467	381,328
			<hr/> <hr/>	<hr/> <hr/>
B	Analysis of changes in net debt	31 March	Cashflows	31 March
		2009		2010
		£	£	£
	Cash at bank and in hand	1,329,933	1,017,117	2,347,050
	Liquid resources	516,589	2,632	519,221
		<hr/>	<hr/>	<hr/>
		1,846,522	1,019,749	2,866,271
	Debt due after more than one year	(3,239,706)	84,468	(3,155,238)
	Debt due within one year	(76,124)	(8,452)	(84,576)
		<hr/>	<hr/>	<hr/>
	Total	(1,469,308)	1,095,765	(373,543)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
C	Reconciliation of net cash flow to movement in net debt			£
	Increase in net cash in the period			1,017,117
	Cash used to increase liquid resources			2,632
	Cash used to decrease debt			76,016
				<hr/>
	Change in net debt			1,095,765
	Net debt at 1 April 2009			(1,469,308)
				<hr/>
	Net debt at 31 March 2010			(373,543)
				<hr/> <hr/>

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, with special regard to the Statement of Recommended Practice "Accounting by Registered Social Landlords" (updated 2008) ("the SORP") and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006 ("the Determination").

Tangible fixed assets and depreciation

Housing properties are stated at cost less SHG less depreciation and less provision for any impairment in value.

Housing properties are now depreciated on a straight line basis over the periods shown below:

Properties built prior to 31 March 2001:

Houses	80 years
Flats	60 years
New houses	100 years
New flats	80 years

Other fixed assets are included at cost to the Association (i.e. net of any related grants) less depreciation, which is provided on a straight line basis, on the net cost over the useful economic lives of the assets at the following annual rates:

Office furniture and equipment	10-20%
Motor vehicles	25%
Computer equipment	25-33%
Scheme equipment	5-20%

Acquisition accounting

The undertakings of Hayles Community Housing Association ("Hayles") were acquired on 31 August 2002. The assets and liabilities were recognised in the balance sheet at fair value and were acquired for nil consideration. The financial statements are prepared under the acquisition accounting method and negative goodwill arose. Negative goodwill is amortised by way of reserve transfer from the financial year following acquisition over the useful life of the housing assets acquired from Hayles. In accordance with the SORP, negative goodwill is disclosed in the Capital and Reserves section of the balance sheet. It is described as an acquisition reserve.

Social housing grant

Housing Association Grant (HAG) was a capital grant made to the Association prior to the 1996 Housing Act towards the cost of acquiring and/or building additional housing for rent or sale. Following the 1996 Housing Act, the Association is eligible for Social Housing Grant (SHG) towards expenditure on housing activities.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

1 Accounting policies (continued)

Social housing grant (continued)

Where general needs developments have been financed wholly or partly by HAG or SHG and other capital subsidies, the cost of these developments has been reduced by the amount of the grant receivable.

HAG and SHG are repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the HAG or SHG repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Home and Communities Agency's right to recover HAG and SHG to their own loans.

SHG which is received in advance of total development costs is shown as a current liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it related.

If housing properties are disposed of, Social Housing Grants are repayable to the Homes and Communities Agency or held as a creditor in the Disposal Proceeds Funds, under most circumstances.

Capitalisation of interest

Interest on a fair proportion of total borrowings on housing properties in development is capitalised during the period of development.

Capitalisation of development overheads

Development overheads are capitalised to the extent that they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of a proportion of the cost of staff who work on development activities.

Cyclical maintenance and internal decorations

The costs of repairs, cyclical maintenance and internal decorations are recognised in the income and expenditure account when work is performed.

Designated reserves

The Association has in previous years set aside specific reserves from service charge income to fund future scheme improvements such as lift and warden call alarm replacement.

Restricted funds

Where funds are received or generated which are held for use limited by restrictions determined by third parties, these are shown as restricted reserves.

Turnover

Turnover comprises rental income receivable and fees and grants from local authorities.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

1 Accounting policies (continued)

Major repairs expenditure

The Association capitalises that proportion of expenditure on housing properties which adds to the value of the property, or extends its useful life, or enhances the property and which would have resulted in additional costs at the time of the original construction. All other major repair expenditure is charged to the income and expenditure account. Improvements to property that relate to integral assets with a separately identifiable life to the property concerned are also capitalised but are depreciated over their economic life on a straight line basis.

Taxation

The association has charitable status and is therefore not subject to Corporation Tax on surpluses derived from charitable activities.

The association is not registered for VAT purposes and expenditure is shown gross of any value added tax.

Pension costs

The Association is part of a multi-employer defined benefit (final salary) contributory pension scheme administered independently by The Pensions Trust. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the income and expenditure account in order to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Provisions

The Association only provides for contractual liabilities which exist at the balance sheet date.

Recycled capital grant fund

Following certain relevant events, primarily the sale of dwellings, the Tenant Services Authority can direct the Association to recycle capital grant (HAG and SHG) or to repay the recoverable capital grant back to the Authority. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

2 Turnover and surplus analysis

All turnover and operating costs arose from social housing letting activities as shown in note 3.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

3	Income and expenditure from lettings	2010	2009
		£	£
	Income from lettings		
	Rent receivable net of identifiable service charges	3,213,598	3,033,913
	Service charges receivable	358,593	355,238
	Charges for Support Services	82,555	80,064
		<hr/>	<hr/>
	Net rents receivable	3,654,746	3,469,216
		<hr/>	<hr/>
	Total income from social housing lettings	3,654,746	3,469,216
		<hr/>	<hr/>
	Expenditure on letting activities		
	Management	555,178	512,322
	Services	313,455	350,840
	Support charges	96,292	79,470
	Routine maintenance	869,834	816,327
	Planned maintenance	1,098,690	1,095,380
	Rent losses from bad debts	4,197	20,833
	Depreciation of housing properties	65,904	65,904
	Other costs	140,292	126,719
	Development	30,892	64,845
		<hr/>	<hr/>
	Total expenditure on social housing lettings	3,174,734	3,132,640
		<hr/>	<hr/>
	Operating surplus on social housing lettings	480,012	336,576
		<hr/> <hr/>	<hr/> <hr/>

Rents receivable above are shown net of losses from voids of £16,093 (2009: £15,045)

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

4 Emoluments of the Management team (“MT”)

	2010	2009
	£	£
Aggregate emoluments of the MT (including pension contributions and benefits in kind)	203,593	222,406
	<hr/>	<hr/>
The emoluments of the highest paid MT member, the chief executive were:		
Gross salary (excluding pension contributions and benefits in kind)	61,412	59,842
	<hr/>	<hr/>

The Chief Executive is a member of the company pension scheme, on standard terms. No member of the Management Committee receives any emoluments.

5 Employee information

The average monthly number of persons (excluding Management Committee members) employed during the year expressed in full time equivalents was:

	2010	2009
	No.	No.
Office staff	17	17
Wardens, caretakers and cleaners	8	8
Maintenance	1	1
	<hr/>	<hr/>
Full time equivalents	26	26
	<hr/>	<hr/>

Total average monthly number of persons (excluding Management Committee members) employed during the year was:

	2010	2009
	No.	No.
Office staff	25	25
Wardens, caretakers and cleaners	12	14
Maintenance	1	1
	<hr/>	<hr/>
Total number	38	40
	<hr/>	<hr/>

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

5	Employee information (continued)	2010	2009
		£	£
	Staff costs (including the director)		
	Wages and salaries	693,161	674,053
	Social security	53,635	52,985
	Pension costs	56,645	56,254
		<hr/>	<hr/>
		803,441	783,292
		<hr/> <hr/>	<hr/> <hr/>
6	Interest payable and similar charges		
		£	£
	On housing loans repayable wholly or partly in more than five years	268,271	243,968
		<hr/>	<hr/>
7	Surplus for the year		
		£	£
	The surplus is stated after charging/(crediting):		
	Depreciation of tangible fixed assets		
	- housing properties	65,904	65,904
	- other fixed assets	74,687	78,338
	Auditors' remuneration (including VAT)		
	- as auditors	14,100	13,513
	Surplus on sale of fixed assets	(5,734)	(4,244)
		<hr/> <hr/>	<hr/> <hr/>

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

8 Housing properties	Freehold housing properties held for letting £	Properties in the course of construction £	Long leasehold housing properties £	Total £
Cost				
At 1 April 2009	54,803,897	-	372,731	55,176,628
Additions	97,759	28,344	-	126,103
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	54,901,656	28,344	372,731	55,302,731
	<hr/>	<hr/>	<hr/>	<hr/>
Social Housing Grant				
At 1 April 2009	49,166,763	-	141,987	49,308,750
Additions	-	28,344	-	28,344
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	49,166,763	28,344	141,987	49,357,094
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 April 2009	474,505	-	21,222	495,727
Charge for the year	62,613	-	3,291	65,904
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	537,118	-	24,513	561,631
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2010	5,197,775	-	206,231	5,404,006
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	5,162,630	-	209,522	5,372,152
	<hr/>	<hr/>	<hr/>	<hr/>

During the year £1,132,971 (2009: £969,895) was spent on stock reinvestment and major repairs. Of this £97,759 (2009: £165,796) was capitalised and £1,035,212 (2009: £804,099) was taken to the Income and Expenditure account. See Note 1 for the accounting policy.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

9 Other fixed assets

	Freehold office premises £	Office equipment £	Scheme equipment £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 April 2009	288,528	245,589	378,451	61,009	113,036	1,086,613
Additions	-	1,820	80,148	32,141	4,502	118,611
Disposals	-	-	(1,161)	(42,358)	(3,327)	(46,846)
At 31 March 2010	288,528	247,409	457,438	50,792	114,211	1,158,378
Depreciation						
At 1 April 2009	159,251	189,306	308,363	38,489	94,551	789,960
Charge for year	8,268	19,178	27,498	9,979	9,764	74,687
Disposals	-	-	(1,161)	(38,443)	(3,327)	(42,931)
At 31 March 2010	167,519	208,484	334,700	10,025	100,988	821,716
Net book value						
At 31 March 2010	121,009	38,925	122,738	40,767	13,223	336,662
At 31 March 2009	129,277	56,283	70,088	22,520	18,485	296,653

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

10 Debtors	2010 £	2009 £
Rental debtors	101,666	187,023
Less provision for bad and doubtful debts	(23,896)	(30,336)
	<hr/> 77,770	<hr/> 156,687
Other debtors	33,601	22,164
Prepayments and accrued income	56,764	42,853
	<hr/> 168,130	<hr/> 221,704
	<hr/> <hr/>	<hr/> <hr/>
11 Creditors: Amounts falling due within one year	£	£
SHG in advance	745,656	-
Rents Paid in Advance	57,562	74,613
Housing loans (note 13)	84,576	76,124
Other creditors and accruals	342,080	243,349
	<hr/> 1,229,874	<hr/> 394,086
	<hr/> <hr/>	<hr/> <hr/>
12 Creditors: Amounts falling due after more than one year	£	£
Housing loans (note 13)	3,155,238	3,239,706
Other creditors and accruals	5,500	5,500
	<hr/> 3,160,738	<hr/> 3,245,206
	<hr/> <hr/>	<hr/> <hr/>

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

13 Housing loans

In November 2008 the Association drew down a loan of £1,450,000 from Dexia Public Service Bank which is repayable in instalments by 2028 of which £39,228 had been repaid by 31 March 2010 (2009: £12,654). Interest is charged linked to £ Libor and has been fixed for five years from March 2009. This loan is secured by a first legal charge over certain of the Association's housing properties. This loan will be used for the general needs of the Association including development. Housing loans from Orchardbrook Ltd are secured by a first legal charge over certain of the Association's housing properties and are repayable at a fixed rate of interest. Instalments on both loans are as follows:

	2010 £	2009 £
Within one year	84,576	76,124
Between one and two years	93,971	84,576
Between two and five years	349,386	314,417
In five years or more	2,711,881	2,846,213
	<hr/>	<hr/>
	3,239,814	3,321,330
	<hr/> <hr/>	<hr/> <hr/>

14 Non equity share capital

	£	£
At 1 April 2009	24	24
Issued during year	5	-
	<hr/>	<hr/>
At 31 March 2010	29	24
	<hr/> <hr/>	<hr/> <hr/>

The shares have limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry the following voting rights: to approve the financial statements, to appoint members of the Management Committee and the auditors, and to pass resolutions.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

15 Reserves	Designated reserves £	Acquisition Reserve £	Revenue reserves £	Total 2010 £	Total 2009 £
Balance at 1 April	340,359	413,081	3,344,275	4,097,715	3,947,331
Surplus for the year	-	-	286,718	286,718	150,384
Amortisation	-	(5,580)	5,580	-	-
Balance at 31 March	340,359	407,501	3,636,573	4,384,433	4,097,715

No designated reserves have been transferred into the revenue reserves in the year ended 31 March 2010 (2009: £1,028,799) as there is no clear expectation that they will be transferred back into the income and expenditure account in a future period. The designated reserves at 31 March 2010 relate to future capital equipment replacement.

Negative goodwill arose on the acquisition of Hayles for nil consideration. Accordingly, negative goodwill will be amortised on a straight line basis at the same rate as the properties which were acquired from Hayles by way of a reserve transfer.

16 Designated reserves	Other reserves £	Total 2010 £
Balance 1 April and 31 March	340,359	340,359

17 Pension Scheme

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 period under FRS17 represents the employer contribution 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 £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010
(continued)

17 Pension Scheme (cont)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2009. 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 £1,723 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £738 million, equivalent to a past service funding level of 70.0%.

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.

The shortfall of £663 million is to be funded by the payment by each participating employer of additional contributions amounting to 7.5% of pensionable salaries as at 30 September 2008, increasing each year by 4.7% from 1 April 2010 to 30 September 2020, with further reduced contributions from 1 October 2020 to 30 September 2023. The additional contributions for the year ended 31 March 2011 will be £30,960. These additional contributions are in addition to the long-term joint contribution rates set out above.

18 Analysis of accommodation

	Units under management	
	2010 No.	2009 No.
Housing accommodation:		
Owned and managed	702	702

19 Financial commitments

At 31 March 2010 the Association had contracted for major repairs and stock reinvestment expenditure commitments of £nil (2009: £97,644).

At 31 March 2010 the Association had contracted development expenditure of £1,174,638 (2009: £nil).

20 Social Housing Grant

	Treated as capital grant £	Treated as revenue grant £	Total 2010 £	Total 2009 £
At 1 April	49,308,750	12,619,639	61,928,389	61,928,389
Additions	28,344	-	28,344	-
At 31 March 2010	49,337,094	12,619,639	61,956,733	61,928,389

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

21 Legislative regulations

The association is incorporated under the Industrial and Provident Societies Act 1965 and is a Registered Social Landlord registered with the Tenant Services Authority (formerly the Housing Corporation) under the Housing Act 1996.

22 Creditor payment period

The average number of days between receipt and payment of purchase invoices in the year was 21 days (2009: 16 days).

23 Related Party Transaction

There were no related party transactions during the year.