

Fold Housing Association Limited
Financial statements
for the year ended 31 March 2008

Fold Housing Association Limited

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Board of management and advisers

Board of Management

WJ Cameron OBE MRICS (Chairman)
C Murdock MHSM Dip HSM MIMgt (Vice - Chairman)
R Holliday Bsc (Pharm)
C McLean (Honorary Treasurer)
BF Henry Cert Ed Dip SSC Admin
Miss A Graham OBE BSc Hons MEd
P McIlroy ISO
Mrs J McCrum BA Hons
J Fivey
Mrs A Harper
A Halligan FCCA
Miss A Quinn
D Crothers (appointed 21 June 2007)
W Canning (appointed 21 June 2007)

Chief Executive and Secretary

J McLean B.Eng (Hons), MSc, Dip. M. MBA, C. Eng

Registered office

3 Redburn Square
Holywood
Co Down
BT18 9HZ

Registered under the Industrial & Provident Societies Act (NI) 1969 - No IP 169
Registered under the Housing (NI) Order 1992 - No R1
Registered with the Inland Revenue for charitable status No XN48778
Registered with the Fair Employment Commission No 499

Bankers

Bank of Ireland
82a Main Street
Bangor
BT20 4 AE

Solicitors

Wilson Nesbitt
33 Hamilton Road
Bangor
BT20 4LF

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Fold Housing Association Limited

Report of the Board of Management for the year ended 31 March 2008

The Board of Management present their report and the audited financial statements for the year ended 31 March 2008.

Principal Activities

Fold Housing Association is a not-for-profit voluntary housing association set up in 1976. Fold has developed and manages over 4,400 homes in 55 towns across Northern Ireland.

Despite unprecedented rises in land prices during the year the Association still managed to draw down £17.3m in Housing Association Grant. In 2007/08 Fold commenced 98 new dwellings and completed 120 additional units in Belfast (Westrock, Iris Close, Springfield Road and Castlereagh Road), Lisburn, Randalstown and Crossmaglen.

Fold acts to:

- Develop new social housing in accordance with housing need as defined by the Department of Social Development and/or Northern Ireland Housing Executive.
- Manage its own housing stock throughout Northern Ireland.
- Provide care services in support of its tenants and residents throughout Northern Ireland including the frail and elderly, those suffering from dementia and those with learning difficulties.
- Partner statutory, voluntary and community organisations in the development and management of housing and care services.
- Consult with and promote the involvement of its tenants, residents and clients in the provision of its services.
- Provide security and support to people in their homes with assistive technology under its Telecare service and house adaptations through its Staying Put service.

The responsibility for the general policy, management and operation of Fold rests with a 15 person voluntary and unremunerated Committee, known as the Board. Day to day management is delegated to the Chief Executive and the five directors. The Association employs over 800 full and part-time staff and invests around £200k per annum in their training and development.

Fold is a Gold status organisation under the EFQM Steps to Excellence Program. Fold is also accredited with Investors in People and CharterMark across its housing with care schemes. The Association holds the CSHS Quality System for its sheltered accommodation and the TSA Quality System for its Telecare service. In 2007/08 Fold continued its commitment to developing staff, contributing to society and protection of the environment through its Business in the Community approved CSR Action Plan.

Mission and Core Values

Fold's mission is to 'Provide the best housing, care and support to those in need of such services'.

Fold completed the first year of its 2007/08 to 2011/12 Corporate Planning Cycle. Its mission statement is set in the context of agreed core values around culture and work:

- Transparency and Openness
- Equity and Fairness
- Accountability
- Value for money
- Commitment to quality
- Dignity and respect
- Accessibility
- Professionalism

Fold is regulated by the Department for Social Development (DSD). It is also regulated by the Northern Ireland Housing Executive (NIHE) in their role as administrators of Supporting People. Its care services are regulated by the Health and Social Services Trusts and the Personal Regulation and Quality Improvement Authority.

Fold Housing Association Limited

Risk Management

Fold operates a risk management team which monitor and manage risks under:

- Key stakeholder relations.
- Business processing and planning.
- New business.
- Public relations.
- Critical systems.
- Financial performance.
- People systems.
- Operations.

The team report on a quarterly basis to Board. Specific business risks in 2008/09 have been identified for which Fold have corresponding mitigation plans:

- Removal of special needs management allowance (SNMA) funding from April 2009.
- DSD impose further reductions in the total cost indicator (TCI) Grant Rate or announce further efficiency initiatives which reduce funding for Fold.
- Interest rates rise more rapidly than currently anticipated.
- Increase in pension contributions under NILGOS scheme.
- Further and significant increases in energy and fuel costs occur.
- Fold fails to secure their projected development programme.
- Fold Telecare fails to grow its customer base.
- Fold experiences an increase in long term voids.
- Fold fails to recruit full time staff to displace agency staff.

Financial Performance 2007-08

The strong financial performance of the last few years has been maintained in 2007- 08. All core areas of activity have outperformed budgeted targets resulting in a surplus for the year of £2.4 million (2007 £1.6 million) after transfers to designated reserves.

Factors which have impacted on financial performance during the year include:-

- Efficiencies through management of staff costs
- Improving position on pension liability
- Improved operational performance including the management of voids and arrears
- Efficient management of cash reserves
- Additional rental income arising in a '53 week' year

Alongside this healthy surplus, FOLD has continued to enhance, refurbish and modernise existing housing stock. A stock condition survey has recently been completed which will determine our investment strategy throughout the next 5 years. Our investment in response and cyclical maintenance and major repairs exceeded £4 million during the year and a further £1.4 million was transferred to our reserve for future repairs.

A strengthening Balance Sheet position is evident in FOLD's continuing capital development programme, strong liquidity position and the healthy state of its reserves. This has been improved further during the year by a reduction in FOLD's pension liability from £4.4 million to £3.2 million and increase in assets of £17 million through additional housing units.

This strong financial position allows FOLD to move into the second year of its 5 year Corporate Planning Cycle with the confidence to meet the challenging environment ahead.

Looking Forward to 2008/09

Based on the approved development programme, Fold expects further expansion in 2008/09 with turnover set to rise by 6% and a resulting net margin of 3.9%.

It is anticipated that 207 new units will be commenced during the year whilst 76 new units will pass into housing management. This will increase total housing stock close to 4,500 units.

Telecare connections are expected to grow by 10%. This will see nearly 22,255 homes throughout Ireland availing of Fold's safety and support alarm service.

Fold will continue to deliver efficiencies in line with guidelines issued by the office of the Deputy Prime Minister under his Annual Efficiency Statement (AES) and these are expected to reach £1.1m for the three years up to the end of 2007/08.

Charitable Donations

Donations totalling £1,418 (2006: £18,496) were made during the year.

Statement of the Board of Management's responsibilities

The Industrial and Provident Societies Acts and registered social housing legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of the Association's affairs and of its surplus or deficit for that period. In preparing those financial statements the Board is required to:

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

The Members of the Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act (Northern Ireland) 1969 and 1976 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and detect fraud and other irregularities. 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.

Statement of disclosure of information to auditors

So far as each of the members of the Board of Management at the date of approval of these financial statements is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- They have taken all the steps that they ought to have taken as members of the Board of Management in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Statement on internal financial control

The Board acknowledges that their's is the ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable reassurance about:

- (a) the reliability of any financial information that is published, or is used within the Association;
- (b) the maintenance of proper accounting records; and
- (c) the protection of the Association's assets against their unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable (and not absolute) assurance against material financial misstatement or loss. The key elements of these systems include ensuring that:

- (a) there are formal policies and procedures (including the documentation of key systems and rules relating to the delegation of authorities) which allow the monitoring of controls and which seek to prevent the unauthorised use of the Association's assets;
- (b) experienced staff, suitably qualified, are responsible for the key functions within the organisation;
- (c) forecasts and budgets are prepared so that the Board and management can monitor both the key business risks and financial objectives and also the progress towards financial plans set for the year and the medium term:
 - regular management financial statements are prepared which provide relevant, reliable and up to date financial information; and
 - significant variances from budgets are investigated as appropriate.
- (d) all significant initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees which are controlled by Board members;
- (e) the Board reviews reports (from management and from the internal auditors) in order to provide reasonable assurance that the control procedures are in place and are being followed. The work of the external auditors also provides some assurance through the year end audit and the provision of an internal control report.

The Board has reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2008 and until 19 June 2008. No weaknesses were found in internal financial controls which resulted in any material losses, contingencies or uncertainties which would require disclosure, in these financial statements, or in the auditors' report. Any weaknesses identified have been addressed.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board of Management

WJ Cameron
Chairman
19 June 2008

Fold Housing Association Limited

Independent auditors' report to the shareholders of Fold Housing Association Limited

We have audited the financial statements of Fold Housing Association Limited for the year ended 31 March 2008, which comprise the income and expenditure account, the statement of total recognised surpluses and deficits, the reconciliation of movements in shareholders' funds, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Board of Management and Auditors

As described in the report of The Board of Management, the Board of Management are responsible for the preparation of the annual report and the financial statements in accordance with applicable Northern Ireland law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Association's members as a body in accordance with the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976, the Housing (Northern Ireland) Order 1992 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. We also report to you if, in our opinion, the report of the Board of Management is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, if a satisfactory system of control over books of account and transactions has not been maintained or if information required by law, such as details of Board of Management members' transactions with the Association, is not disclosed.

We read the other information issued with the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on page 5 reflects the Association's compliance with the Department for Social Development's Code of Audit Practice ("the Code") and we report whether the Board of Management has provided the disclosures required by the Code and whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's system of internal financial control.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Management in the preparation of the financial statements, and of whether the financial 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the shareholders of Fold Housing Association Limited - (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs at 31 March 2008 and of its surplus and cash flows for the year then ended;
- the Association has maintained proper books of account and maintained a satisfactory system of control over its transactions;
- the financial statements have been properly prepared in accordance with Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976 and the Housing (Northern Ireland) Order 1992 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993;
- the information given in the Report of the Board of Management is consistent with the financial statements; and
- with respect to the Board of Management's statement on internal financial controls on page 5, in our opinion the Board of Management has provided the disclosures required by the Code and the statement is not inconsistent with the information of which we are aware from our audit of the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

19 June 2008

Income and expenditure account for the year ended 31 March 2008

	Notes	2008 £	2007 (as restated) £
Turnover	2	28,897,013	24,398,811
Less operating costs	3	(24,409,741)	(21,413,352)
Operating surplus	4	4,487,272	2,985,459
Income from fixed asset investments and realised profits on disposals	5	-	395,913
Surplus arising from sales of housing property		1,267,036	727,463
Transfer to disposal proceeds fund	18	(1,257,418)	(706,849)
Interest receivable and similar income		634,662	535,573
Interest payable and similar charges	8	(992,497)	(1,019,120)
Other finance costs	9	(73,000)	(67,491)
Surplus for the year	23	4,066,055	2,850,948
Transfer to designated reserves	23 & 24	(1,706,075)	(1,284,573)
Retained surplus for the year		2,359,980	1,566,375

All amounts above relate to continuing operations of the Association.

Statement of total recognised surpluses and deficits for the year ended 31 March 2008

	2008	2007 (as restated)
	£	£
Surplus for the year	4,066,055	2,850,948
Actuarial gain recognised in pension scheme	1,439,000	791,758
Total recognised surplus relating to the year	5,505,055	3,642,706
Prior year adjustment – change in accounting policy (see note 20)	3,119,923	-
Total surplus recognised since last financial statements	8,624,978	3,642,706

Reconciliation of movement in net funds at 31 March 2008

	2008	2007 (as restated)
	£	£
Surplus for the year	4,066,055	2,850,948
Issue of share capital	1	1
Decrease in revaluation reserve	-	(370,877)
Adjustment to statement of total surpluses and deficits for the year	1,439,000	791,758
Net addition to net funds	5,505,056	3,271,830
Opening net funds *	26,045,464	22,773,634
Closing net funds	31,550,520	26,045,464

* Originally £19,653,711 before a prior year adjustment of £3,119,923 (see note 20).

Balance sheet at 31 March 2008

	Notes	2008 £	2007 (as restated) £
Fixed assets			
Housing properties - depreciated cost	11	224,093,420	207,292,284
Less: Housing Association Grant	11	(186,058,775)	(174,622,655)
	11	38,034,645	32,669,629
Other tangible assets	12	3,450,110	3,499,979
Investments	13	2	2
		41,484,757	36,169,610
Current assets			
Stocks	14	76,233	52,164
Debtors	15	9,077,073	3,826,777
Cash on deposit		8,152,839	12,925,695
Cash at bank and in hand		196,899	53,121
		17,503,044	16,857,757
Creditors: amounts falling due within one year	16	(7,099,648)	(5,960,796)
Net current assets		10,403,396	10,896,961
Total assets less current liabilities		51,888,153	47,066,571
Creditors: amounts falling due after more than one year	17	(17,126,633)	(16,660,089)
Net assets excluding pension deficit		34,761,520	30,406,482
Pension deficit	32	(3,211,000)	(4,361,018)
Net assets including pension deficit		31,550,520	26,045,464
Capital and reserves			
Called up share capital	21	31	31
Capital reserve	22	83	82
Revenue reserve	23	14,688,628	14,395,707
Designated reserves	24	16,861,778	11,649,644
Net funds		31,550,520	26,045,464

The financial statements on pages 8 to 27 were approved by the Board of Management on 19 June 2008 and were signed on its behalf by:

C McLean
Hon Treasurer

J McLean
Secretary

Cash flow statement for the year ended 31 March 2008

	Notes	2008 £	2007 (as restated) £
Net cash inflow from operating activities	27	4,969,460	2,955,042
Returns on investments and servicing of finance			
Investment income		-	395,913
Interest receivable		693,237	535,573
Interest payable		(999,741)	(1,086,611)
		(306,504)	(155,125)
Capital expenditure			
Payments to purchase and develop housing properties		(17,926,322)	(20,174,746)
Payments to acquire other tangible fixed assets		(151,126)	(121,312)
Receipts from disposal of housing properties		803,252	1,233,011
Receipts from disposal of tangible fixed assets		9,100	13,500
Receipts of Housing Association Grant		8,518,241	13,938,270
Refund of Voluntary Purchase Grant	18	(109,438)	-
Receipts from disposal of fixed asset investments		-	2,527,608
		(8,856,293)	(2,583,669)
Net cash (outflow)/inflow before financing		(4,193,337)	216,248
Financing			
New loans net of principal repayments		(512,019)	(480,399)
Issue of shares		1	1
		(512,018)	(480,398)
(Decrease)/increase in cash in the year	28 - 29	(4,705,355)	(264,150)

Notes to the financial statements for the year ended 31 March 2008

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards and Statement of Recommended Practice for Accounting by Registered Social Landlords. The significant accounting policies adopted are set out below. The presentation of the accounts complies with the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

Tangible fixed assets

(i) Housing properties

Housing properties are stated at cost including appropriate on costs and net of initial sales proceeds from part owners in respect of leasehold schemes.

(ii) Other fixed assets

Other fixed assets are stated at cost.

Capitalisation of development costs

Development costs are capitalised where they are directly attributable to bringing the properties into working condition for their intended use. Such costs generally include the labour costs of Association employees arising directly from the acquisition or development of the property and incremental costs that would only have been avoided if the property concerned had not been acquired or constructed.

Housing Association Grant and other grants

Housing Association Grant and other grants received as a contribution towards the capital costs of housing properties are set against the capital cost of these properties. Housing Association Grant received against revenue expenditure is credited to revenue in the period in which the related expenditure is charged.

Housing Association Grants although treated as a grant for accounting purposes may be repayable under certain circumstances primarily following the sale of housing property but the amount repayable would be restricted to the net proceeds of the sale.

Depreciation

(i) Housing properties

The Association's policy complies with the Statement of Recommended Practice for Accounting by Registered Social Landlords. The Association's policy is to depreciate the cost over the remaining useful economic lives of the properties commencing in the year after completion. The useful economic lives of the assets have been estimated at 60 years.

(ii) Office accommodation

The Association's policy is to depreciate the cost over the remaining useful economic life of the property. The useful economic life of the asset has been estimated at 60 years.

Notes to the financial statements for the year ended 31 March 2008

1 Accounting policies - (continued)

(iii) Other fixed assets

Depreciation thereon is provided on a straight line basis at rates estimated to write off the cost of the assets over their useful economic lives. The rates are as follows:

Office furniture and fittings and kitchen equipment	- 10% per annum
Computer and photocopying equipment	- 20% per annum
Motor vehicles	- 25% per annum

Disposal proceeds fund

The net surpluses, after loan repayments, that arise from the sale of property to tenants under the voluntary purchase grant arrangements instituted by the Department for Social Development can be used by the Association to fund works on property that would not be eligible for housing association grant or in certain circumstances, attract loan finance. With effect from 1 October 2006 notional interest on the balance is included in the fund.

If the surpluses are not used within three years of their receipt they may be payable in part or in full to the Department for Social Development.

Investments

Listed investments as a whole are stated at market value.

Long term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long term contract balances.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. The resulting gain or loss is dealt with in the profit and loss account.

Scheme furniture and equipment

Included in the service charge to tenants is their contribution towards the cost of renewing scheme furniture and equipment. The Association holds these contributions from tenants in a designated reserve for furniture and equipment replacement against which renewals are charged. The contribution amounts are determined by reference to the current estimated cost of renewing these assets and their estimated useful lives.

Major repairs provision

The amount appropriated to designated reserves in respect of major repairs is calculated in accordance with the Rent Surplus Fund (Northern Ireland) Determination 1992 in respect of traditionally funded schemes. An appropriation is also made in respect of mixed funded and Housing with Care schemes.

Turnover

Turnover represents rental and services charges, income and residential charges for Housing with Care, and amounts receivable for the Staying Put Service, net of voids. Credit is taken for Staying Put income only to the extent to which it relates to completed schemes.

Notes to the financial statements for the year ended 31 March 2008

1 Accounting policies (continued)

Leased assets

Rentals under operating leases are charged to revenue as incurred.

Pension schemes

The Association operates a defined benefit scheme through the Northern Ireland Local Government Officers' Superannuation Scheme.

The assets of the scheme are held separately from those of the group. The company has adopted FRS 17 in these financial statements. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the association's defined benefit pension scheme arising from employee service in the period is charged to operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised surpluses and deficits.

2 Analysis of turnover

Turnover relates to the association's main activity which is carried out in the United Kingdom.

3 Operating costs

	2008	2007 (as restated)
	£	£
Direct costs	21,384,458	18,638,520
Administrative expenses	3,025,283	2,774,832
	24,409,741	21,413,352

4 Operating surplus

	2008	2007
	£	£
This is stated after charging/(crediting)		
Depreciation	517,649	482,413
Loss/(profit) on disposal of fixed assets	(3,820)	1,602
Auditors' remuneration		
– audit services	13,000	10,500

The Staying Put Advice Service, funded through the NI Housing Executive's Supporting People Programme, made a deficit of £763 in the year to 31 March 2008 (2007: £1,012 deficit).

5 Income from fixed assets investments and realised profits on disposals

	2008	2007
	£	£
Investment income	-	34,078
Realised profit on disposals of investments	-	361,835
	-	395,913

Notes to the financial statements for the year ended 31 March 2008

6 Employee information

	2008	2007
	£	£
Staff costs		
Wages and salaries	7,690,524	7,185,895
Social security costs	480,471	447,827
Other pension costs	817,886	1,045,580
	8,988,881	8,679,302

	Number	Number
Average monthly number of persons employed (including directors) during the year by activity		
Supervisors	99	96
Care staff, cleaners and others	467	451
Administration and management	153	159
	719	706

7 Directors' emoluments

	2008	2007
	£	£
Aggregate emoluments	86,430	82,827
Pension scheme contributions to defined benefit scheme	10,413	8,432

Retirement benefits are accruing to one (2007: one) director under a defined benefit scheme. Directors are defined as the Board of Management and the Chief Executive. Members of the Board of Management serve in a voluntary capacity and none were in receipt of emoluments during the year.

8 Interest payable and similar charges

	2008	2007
	£	£
On housing loans	992,132	1,014,056
On bank accounts	365	5,064
	992,497	1,019,120

9 Other finance costs

	2008	2007
	£	£
Interest on pension scheme liabilities	947,000	792,325
Expected return on pension scheme assets	(874,000)	(724,834)
Net cost	73,000	67,491

Notes to the financial statements for the year ended 31 March 2008

10 Taxation

Fold Housing Association Limited has charitable status and thus is not liable to tax.

11 Tangible fixed assets - Housing Properties

	2008	2007
	£	£
Cost		
At 1 April 2007	208,882,350	189,228,041
Additions	17,926,322	20,174,746
Disposals	(812,870)	(520,437)
At 31 March 2008	225,995,802	208,882,350
Depreciation		
At 1 April 2007	(1,590,066)	(1,304,101)
Charge during year	(321,934)	(297,714)
Disposals	9,618	11,749
At 31 March 2008	(1,902,382)	(1,590,066)
Net cost	224,093,420	207,292,284
Housing Association Grants and other grants		
At 1 April 2007	(174,622,655)	(156,476,206)
Grants receivable	(11,816,110)	(18,487,934)
Transfer from disposal proceeds fund	(150,000)	(9,204)
Disposals	529,990	350,689
At 31 March 2008	(186,058,775)	(174,622,655)
Net book value	38,034,645	32,669,629
Net book value comprises:		
Freehold property	33,443,267	28,442,600
Long leasehold property	4,591,378	4,227,029
	38,034,645	32,669,629
Net book value comprises:		
Completed schemes	37,178,779	31,186,812
Schemes under construction	855,866	1,482,817
	38,034,645	32,669,629

Notes to the financial statements for the year ended 31 March 2008

12 Other tangible fixed assets

	Long leasehold office property £	Office and computer equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2007	3,498,531	723,628	99,405	4,321,564
Additions	-	132,481	18,645	151,126
Disposals	-	(6,345)	(20,307)	(26,652)
At 31 March 2008	3,498,531	849,764	97,743	4,446,038
Accumulated depreciation				
At 1 April 2007	329,187	458,313	34,085	821,585
Charge for year	60,838	110,061	24,816	195,715
Disposals	-	(6,345)	(15,027)	(21,372)
At 31 March 2008	390,025	562,029	43,874	995,928
Net book value				
At 31 March 2008	3,108,506	287,735	53,869	3,450,110
At 31 March 2007	3,169,344	265,315	65,320	3,499,979

13 Fixed Asset Investments

	2008		2007
	Investment in subsidiaries £	Listed investments £	Total £
Cost			
At 1 April 2007	2	-	2,165,778
Additions	-	-	-
Disposals	-	-	(2,165,776)
At 31 March 2008 - cost	2	-	2
Unrealised gain on investments taken to revaluation reserve	-	-	-
Market value at end of year	2	-	2

14 Stocks

	2008 £	2007 £
Consumables	76,233	52,164

Notes to the financial statements for the year ended 31 March 2008

15 Debtors

	2008	2007
	£	£
Rental debtors	1,365,896	808,444
Other debtors	1,021,340	238,988
Prepayments and accrued income	19,038	61,534
Housing Association Grant receivable	4,936,481	1,191,125
Amounts recoverable on long term contracts	1,369,457	1,295,266
Amounts owed by related undertaking (Note 34)	364,861	231,420
	9,077,073	3,826,777

16 Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank overdraft	97,067	20,790
Loans (note 19)	547,288	479,680
Other taxes and social security	155,368	136,701
Other creditors	2,758,427	2,224,971
Accruals and deferred income	3,316,801	2,996,614
Housing Association Grant in advance	-	100,208
Tenant services account	224,697	1,832
	7,099,648	5,960,796

17 Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Loans (note 19)	15,058,824	15,638,451
Disposal proceeds fund (note 18)	2,067,809	1,021,638
	17,126,633	16,660,089

18 Disposal proceeds fund

	2008	2007
	£	£
At 1 April 2007	1,021,638	308,742
Proceeds from house sales	1,257,418	706,849
House purchases	(150,000)	(9,203)
Refund of Voluntary Purchase Grant	(120,648)	-
Repayment of Voluntary Purchase Grant	11,210	-
Notional interest	48,191	15,250
At 31 March 2008	2,067,809	1,021,638

The surplus on the disposal proceeds fund must be used as follows - £735,720 within the next two years and £1,332,089 within the next three years.

Notes to the financial statements for the year ended 31 March 2008

19 Housing property loans

	2008 £	2007 £
Housing property loans are as follows		
Department for Social Development loans	2,132,905	2,239,926
Bank loans	13,473,207	13,878,205
	15,606,112	16,118,131
These loans are repayable by instalments as follows		
Less than one year, or on demand	547,288	479,680
Between one and two years	580,442	548,816
Between two and five years	1,964,276	3,453,583
After more than five years	12,514,106	11,636,052
	15,606,112	16,118,131
Falling due within one year	547,288	479,680
Falling due after one year	15,058,824	15,638,451
	15,606,112	16,118,131

Security

Loans amounting to £13,437,207 are secured by way of mortgages upon the deeds of the related properties. The loans from the Department for Social Development bear interest at rates ranging between 9.5% and 15.25%. Other loans bear interest at fixed and variable rates.

20 Prior year adjustment

The prior year adjustment relates to a change in accounting policy. Previously amounts charged to tenants in respect of future property repairs, equipment and furniture replacement were treated as deferred income. As it has become increasingly difficult to allocate between income for current services and income for future tenant repairs and furniture replacement, the Association's accounting policy has been changed to recognise all income in the year to which the current service charge relates. Subsequently transfers to designated reserves in respect of future repairs and furniture replacement are made at the discretion of the Board (see note 24).

The effect of a prior year adjustment is to increase revenue reserves and decrease provisions as at 1 April 2006 by £3,119,923 and to increase the surplus for the year ended 31 March 2007 by £386,136 – a total of £3,506,059 (note 23).

21 Called up share capital

	2008 £	2007 £
Ordinary shares of £1 each		
At 1 April 2007	31	34
Shares issued	1	1
Transfer to capital reserve (note 22)	(1)	(4)
At 31 March 2008	31	31

Notes to the financial statements for the year ended 31 March 2008

22 Capital reserve

	2008	2007
	£	£
At 1 April 2007	82	78
Transfer from share capital (note 21)	1	4
At 31 March 2008	83	82

23 Revenue reserve

	2008
	£
At 1 April 2007 as previously reported	10,889,648
Prior year adjustment (note 20)	3,506,059
At 1 April 2007 as restated	14,395,707
Surplus for the year	4,066,055
Actuarial gain recognised in pension scheme	1,439,000
Transfer to designated reserves (Note 24):	
- from current year surplus	(1,706,075)
- from prior year revenue reserves	(3,506,059)
At 31 March 2008	14,688,628

24 Designated reserves

	Reserve for future major repairs	Common Fund	Reserve for tenant repairs, equipment & furniture	Total
	£	£	£	£
At 1 April 2007	11,599,644	50,000	-	11,649,644
Transfers from revenue reserves:				
- from current year surplus	1,376,243	-	329,832	1,706,075
- from prior year revenue reserves	-	-	3,506,059	3,506,059
At 31 March 2008	12,975,887	50,000	3,835,891	16,861,778

The transfer from the current year surplus can be attributed as follows:

- transfer from rent surplus fund (note 26)	1,067,275	-	-	1,067,275
- provided during the year *	1,418,936	-	605,155	2,024,091
- expenditure	(1,109,968)	-	(275,323)	(1,385,291)
	1,376,243	-	329,832	1,706,075

* This includes amounts provided to cover expenditure during the year on properties not included in the rent surplus fund.

Notes to the financial statements for the year ended 31 March 2008

25 Revaluation reserve

	2008	2007
	£	£
At 1 April 2007	-	370,877
- unrealised gains	-	-
- elimination of revaluation reserve on disposal of investments	-	(370,877)
At 31 March 2008	-	-

26 Rent surplus fund

	2008	2007
	£	£
Net relevant income	1,334,094	1,146,884
Appropriation to designated reserve	(1,067,275)	(917,508)
Retained in revenue reserves	(266,819)	(229,376)
	-	-

27 Net cash inflow from operating activities

	2008	2007
	£	(as restated) £
Operating surplus	4,487,272	2,985,459
Depreciation charge	517,649	482,413
(Profit)/Loss on disposal of fixed assets	(3,820)	1,602
Profit on disposal of investments	-	(361,835)
(Increase)/decrease in stock	(24,069)	14,649
(Increase)/decrease in debtors	(1,328,971)	(77,237)
Increase /(decrease) in creditors	1,105,417	(881,767)
Unrealised gain on pension funds	215,982	791,758
Net cash inflow from operating activities	4,969,460	2,955,042

28 Analysis of net debt

	1 April 2007 £	Cash flow £	31 March 2008 £
Cash on deposit	12,925,695	(4,772,856)	8,152,839
Cash at bank and in hand	53,121	143,778	196,899
Bank overdraft	(20,790)	(76,277)	(97,067)
	12,958,026	(4,705,355)	8,252,671
Debt due after one year	(15,638,451)	579,627	(15,058,824)
Debt due within one year	(479,680)	(67,608)	(547,288)
	(16,118,131)	512,019	(15,606,112)
Net debt	(3,160,105)	(4,193,336)	(7,353,441)

Notes to the financial statements for the year ended 31 March 2008

29 Reconciliation of net cash flow to movement in net debt

	2008	2007
	£	£
Decrease in cash in financial year	(4,705,355)	(264,150)
Cash inflows from increase in debt	512,019	480,399
Change in net debt resulting from cash flows	(4,193,336)	216,249
Movement in net debt in the year	(4,193,336)	216,249
Net debt at 1 April 2007	(3,160,105)	(3,376,354)
Net debt at 31 March 2008	(7,353,441)	(3,160,105)

Notes to the financial statements for the year ended 31 March 2008

30 Turnover, operating surplus and surplus for year

	2008						2007		
	Turnover £	Operating Costs £	Operating Surplus £	Interest receivable and investment income £	Interest Payable £	Surplus for year £	Turnover £	Operating Surplus £	Surplus for year £
Income and expenditure from lettings									
Housing accommodation	15,667,066	(12,167,869)	3,499,197	-	(992,134)	2,507,063	14,205,615	2,899,376	1,885,320
Special needs accommodation	6,882,970	(5,600,081)	1,282,889	-	-	1,282,889	5,425,697	786,392	786,392
	22,550,036	(17,767,950)	4,782,086	-	(992,134)	3,789,952	19,631,312	3,685,768	2,671,712
Other income and expenditure									
Other	6,346,977	(6,641,791)	(294,814)	-	(363)	(295,177)	4,767,499	(700,309)	(705,373)
Total	28,897,013	(24,409,741)	4,487,272	-	(992,497)	3,494,775	24,398,811	2,985,459	1,966,339
Investment income	-	-	-	-	-	-	-	-	395,913
Interest receivable	-	-	-	634,662	-	634,662	-	-	535,573
	28,897,013	(24,409,741)	4,487,272	634,662	(992,497)	4,129,437	24,398,811	2,985,459	2,897,825
Surplus arising from sales of housing property	-	-	-	-	1,267,036	1,267,036			727,463
Transfer to disposal proceeds fund	-	-	-	-	(1,257,418)	(1,257,418)			(706,849)
Other finance costs	-	-	-	-	(73,000)	(73,000)			(67,491)
	28,897,013	(24,409,741)	4,487,272	634,662	(1,055,879)	4,066,055	24,398,811	2,985,459	2,850,948

Notes to the financial statements for the year ended 31 March 2008

31 Particulars of lettings

	2008	2007
	£	£
Rent and service charges	23,092,610	20,139,084
Less rent losses from bad debts and voids	(542,574)	(501,270)
	22,550,036	19,637,814

32 Pension commitments

The net pension ‘liability’ shown below under Financial Reporting Standard 17 does not represent a shortfall which requires short term cash funding. The amount shown below is calculated to comply with the Financial Reporting Standard, the specific requirements of which differ from the basis on which pension liabilities are actuarially calculated for the purpose of the ongoing funding of the scheme. The Financial Reporting Standard requires:

- (i) actuarial deficiencies to be recognised immediately as a “liability” in the accounts rather than being spread forward over employees’ remaining service lives;
- (ii) the actuary, in valuing the scheme’s liabilities, is required to use a bond yield as the discount rate for valuing future liabilities, rather than a rate that reflects the expected return on the scheme’s particular asset portfolio, with the result of an apparent increase in the present value of future longer term liabilities.

FRS 17 figures in relation to employees and ex-employees who are members of the NILGOSC pension scheme.

An Actuarial valuation of the scheme was carried out as at 31 March 2008. At that date there was a deficit in the scheme which corresponds to a funding level (ratio of assets to past service liabilities) of 89%. Assuming that a funding level of 100% is to be targeted over a period of 20 years on the ongoing basis and based on specified key assumptions, detailed by the Actuary, the ‘Common Employers Contribution Rate’ is 18.5% of pensionable pay. NILGOSC propose a phased approach to increasing contribution levels for the three years to 31 March 2011 as follows: -

1 April 2008	-	31 March 2009	15%
1 April 2009	-	31 March 2010	16%
1 April 2010	-	31 March 2011	17%

The funding position is to be reassessed in 2010.

The financial assumptions used by the actuary were:

	2008	2007	2006
	%	%	%
Rate of increase in salaries	5.0	4.7	4.5
Rate of increase in pensions in payment	3.5	3.2	3.0
Discount rate	6.3	5.3	4.9
Inflation assumption	3.5	3.2	3.0

Notes to the financial statements for the year ended 31 March 2008

32 Pension commitments (continued)

The market value of assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31.03.08 %	Value at 31.03.08 £'000	Long term rate of return expected at 31.03.07 %	Value at 31.03.07 £'000	Long term rate of return expected at 31.03.06 %	Value at 31.03.06 £'000
Equities	6.5	9,871	6.8	10,442	6.3	9,397
Property	6.0	1,316	6.3	1,305	5.8	1,175
Gilts	4.5	1,843	4.8	1,044	4.3	940
Cash	5.25	131	5.25	261	4.5	235
		13,161		13,052		11,747

The following amounts at 31 March 2008, 31 March 2007, and 31 March 2006 were measured in accordance with the requirements of FRS 17:

	2008 £'000	2007 £'000	2006 £'000
Total market value of assets	13,161	13,052	11,747
Present value of scheme liabilities	(16,372)	(17,413)	(16,276)
Deficit in the scheme	(3,211)	(4,361)	(4,529)

Analysis of amount charged to operating surplus in respect of defined benefit scheme

	2008 £'000	2007 £'000
Operating surplus		
Current service cost	815	1,043
	815	1,043

Analysis of amount charged to other finance income

Expected return on pension scheme assets	874	725
Interest on pension scheme liabilities	(947)	(792)
Net costs	(73)	(67)

Amount recognised in the statement of total recognised surpluses and deficits

Actual return less expected return on pension scheme assets	(1,352)	(28)
Experience gains and losses arising on the scheme liabilities	1,382	99
Changes in assumptions underlying the present value of the scheme liabilities	1,409	721
Actuarial gain recognised	1,439	792

Notes to the financial statements for the year ended 31 March 2008

32 Pension commitments (continued)

	2008	2007
	£'000	£'000
Movement in deficit during the year		
At 1 April 2008	(4,361)	(4,529)
Current service charge	(815)	(1,043)
Contributions	599	486
Other finance cost	(73)	(67)
Actuarial gain	1,439	792
At 31 March 2008	(3,211)	(4,361)
History of experience gains and losses		
Difference between the expected and actual return on scheme assets:		
Amount (£'000)	(1,352)	(28)
Percentage of scheme assets (%)	10%	-
Experience gains and losses on scheme liabilities:		
Amount (£'000)	1,382	99
Percentage of scheme liabilities	8%	1
Total amount recognised in STRGL		
Amount (£'000)	1,439	792
Percentage of scheme liabilities (%)	9%	5

33 Capital commitments

	2008	2007
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	15,291,000	7,363,000

The Association anticipates that this expenditure will be funded by Housing Association Grant from the Department for Social Development and by private finance.

34 Related party disclosures

Fold Housing Association Ireland Limited is defined to be a related undertaking by virtue of the fact that Fold Housing Association Limited has a minority Board membership of Fold Housing Association Ireland Limited.

The amount owed by Fold Ireland at 31 March 2008 was £364,861 (2007: £231,420) and the transactions between the two companies were as follows:-

	2008	2007
	£	£
Staff costs	77,982	67,574
Clerk of Works costs	(5,168)	24,673
Other costs	7,719	46,584
Loans paid to Fold Ireland	284,328	137,030
Telecare charges	-	96,678

Notes to the financial statements for the year ended 31 March 2008

35 Service income, Department for Social Development allowances and operating costs

	2008				2007			
	Service Income £	DSD allowances £	Operating costs £	Surplus/ (deficit) £	Service Income £	DSD Allowances £	Operating costs £	Surplus/ (deficit) £
Housing accommodation								
Annual average – 3,865 units (2007: 3,699units)								
Services	4,771,786	-	(4,483,374)	288,412	4,453,702	-	(4,292,156)	161,546
Management	-	1,351,055	(1,769,396)	(418,341)	-	1,277,526	(1,672,403)	(394,877)
Repairs and maintenance	-	2,212,510	(2,252,829)	(40,319)	-	2,126,918	(1,947,771)	179,147
Special Needs accommodation								
Annual average – 457 units (2007 - 384 units)								
Services	4,902,212	-	(4,104,198)	798,014	3,844,590	-	(3,357,854)	486,736
Management	-	430,267	(498,379)	(68,112)	-	385,882	(430,942)	(45,060)
Repairs and maintenance	-	162,543	(324,086)	(161,543)	-	145,046	(240,865)	(95,819)
	9,673,998	4,156,375	(13,432,262)	398,111	8,298,292	3,935,372	(11,941,991)	291,673
Rent surplus fund			(266,819)				(229,377)	
Major repairs provision			(2,486,211)				(2,072,747)	
			(16,185,292)				(14,244,115)	
Housing accommodation			(10,976,393)				(10,004,265)	
Special Needs accommodation			(5,208,899)				(4,239,850)	
			(16,185,292)				(14,244,115)	