

Beechdale Community Housing Association Limited

Group Report and Financial statements

31 March 2010

Housing Corporation registered number L4096
Industrial and Provident Society
Registered number 28103R

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Financial Statements

Contents	Page
The Board of Management and Executive Officers	3-4
The Association's Advisors	5
Report of the Board of Management incorporating the Board Statement on financial controls and the Statement of Board Responsibilities	6-12
Report of the independent auditors to the members of Beechdale Community Housing Association Limited	13-14
Group and Association Income and Expenditure Account	15
Group and Association Statement of Total Recognised Surpluses and Deficits	16
Group Balance Sheet	17
Association Balance Sheet	18
Group Cash flow statement	19
Notes to Financial statements	20-37

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

The Board of Management and Executive Officers

Board of Management

The members set out below have held office during the whole of the period from 1 April 2009 to the date of this report, unless otherwise indicated:

Gillian Fellows	Chair	Tenant Board Member	
Deborah Walthorne	Vice Chair	Independent Board Member	
Robert Griffiths		Tenant Board Member	
Alan Bednall		Tenant Board Member	
Linda Woodward		Tenant Board Member	
Nina Dawes		Independent Board Member	resigned November 2009
Sohail Haq		Independent Board Member	
Mike Russell		Independent Board Member	
Graham Tuckley		Independent Board Member	resigned July 2010
Timothy Frondigoun		Independent Board Member	appointed November 2009
Pamela Gennard		Independent Board Member	appointed November 2009

Committees

Finance Committee

Sohail Haq	Chair
Linda Woodward	Vice-Chair
Deborah Walthorne	
Gillian Fellows	
Karen Preece	Co-optee

Audit Committee

Alan Bednall	Chair
Mike Russell	Vice Chair
Robert Griffiths	
Pam Gennard	

Operations Committee

Deborah Walthorne	Chair
Robert Griffiths	
Sohail Haq	
Linda Woodward	

Remuneration Committee

Chair to be appointed	
Gillian Fellows	
Alan Bednall	
Tim Frondigoun	

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

The Board of Management and Executive Officers (continued)

Executive Officers

Chief Executive and Company Secretary
Operations Manager

June Moriarty
Alison Cotton

Registered Office

Chilton House
Stephenson Avenue
Beechdale
Walsall
West Midlands
WS2 7EU

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

The Association's Advisors

External Auditors

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

Internal Auditors

Mazars
Lancaster House
67 Newhall Street
Birmingham
B3 1NG

Bankers

Royal Bank of Scotland Plc
Walsall Branch
139-144 Lichfield Street
Walsall
WS1 1SE

Funders

Nationwide Syndications Limited
Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Solicitors

Gorrara Haden
Quadrant Court
50 Calthorpe Road
Edgbaston
Birmingham
B15 1TH

Shoosmiths
7th Floor
125 Colmore Row
Birmingham
B3 3SH

Valuers

Savills
19/20 City Business Centre
6 Brighton Road
Horsham
West Sussex
RH13 5BB

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Report of the Board of Management

The Board of Management ("the Board") presents its Report and audited Financial Statements for the year from 1 April 2009 to 31 March 2010.

The Association

The Association is a not-for-profit organisation registered on 22 December 1994 as an Industrial and Provident Society (I & PS) which purchased stock on the Beechdale Estate from Walsall MBC in March 1996. It is registered as a Social Landlord with the Tenant Services Authority (TSA) and is affiliated to the National Housing Federation ("NHF").

The Association obtained charitable status on 19 June 2008 as a charitable I & PS and has a non-charitable subsidiary company, Beechdale Community Development Limited which was created on 6 September 2005 and took ownership of the office premises, garage sites and amenity land in June 2007.

Inspection

In November 2008 BCHA was rated a zero star service provider with uncertain prospects for improvement. Until this point BCHA had seen its high levels of customer satisfaction, the high demand for its homes and its overall performance on KPIs as signs of success. The Inspection report became a major catalyst for change. Our Board recruited independent consultants to work with us on a wide ranging review, providing an organisation 'health check' and reporting on our governance, leadership, financial resource and performance management systems. The Board was determined to lead improvement, to develop a clear understanding of what needed to change, the barriers to that change and how these would be overcome for the benefit of the community we serve. The Board recognised that the Inspection outcome pointed to issues extending significantly beyond service delivery matters. It commissioned the 'health check' so that effective control, sustained viability and good outcomes for customers could be assured for the future. Following the review, action plans were put in place to lead to solutions in the short, medium and long term. 2009 has been a challenging year for a small organisation like BCHA as we have sought to understand, drive and embed the required improvement. The Board, supported by the Senior Management Team (SMT) and active tenants, has led the change programme. We are beginning to see improvements in services that customers will notice. A full re-inspection was carried out by the Audit Commission in late July 2010 with the report due to be published in November 2010.

Partnership

In the external environment we recognise that the Government's response to the worldwide recession has created an unprecedented increase in national debt and following the 2010 election public spending faces major cuts, resulting in a much tougher financial environment for BCHA and our residents. There will need to be hard decisions as we must provide leaner, more cost effective services. In terms of our development plans, it will be sometime before the housing market recovers in our area, the cross subsidy model for housing association development does not currently work and prospects for grant funding are limited. In addition, there are issues such as worklessness, financial exclusion, fuel poverty, anti-social behaviour and the ageing population that face our residents and challenge us as an organisation. Internally, we still need to fund significant improvement works to maintain Decent Homes Standard (DHS) and are aware that our financial plan cannot offer DHS Plus. Over time this will mean a declining service for our residents compared with other local providers and could impact on demand for our homes.

BCHA needs a coherent response to these challenges if it is to provide the homes, services and life chances that are relevant to our residents' changing needs. This underpins our decision to join with the right association. We want to focus on being locally responsive, locally accountable and a strong deliverer of quality homes and the wider than landlord agenda, backed by the expertise and resource that a compatible partner would ensure. We are well advanced with this process which is firmly based on research into our tenants' aspirations and our own organisational needs. We adopted a transparent, open process that began externally in March 2010 with a Bidders' Conference. 17 associations with a Midlands base attended. We presented clearly what we are seeking to achieve and issued a Prospectus. 10 Associations submitted an Expression of Interest. Our Selection Panel short-listed from 2 stages of written submissions and a third stage of a drop in event for our community, a presentation day attended by Board, staff and active tenants and reality check visits. We have a communications strategy for this process and have a branded newsletter to keep our tenants informed. The Selection Panel considered everyone's views as part of their assessment of the right partner to help build a better Beechdale. Our Board took the decision in July 2010 and, subject to due diligence, consultation and all consents, we anticipate joining our partner between January and March 2011.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Report of the Board of Management (continued)

Financial Review

The financial statements show the consolidated accounts for Beechdale Community Housing Association Limited and Beechdale Community Development Limited for the period 1 April 2009 to 31 March 2010. The Association obtained charitable status in June 2008. It was the intention that the non-charitable subsidiary, Beechdale Community Development Limited should take ownership of the freehold office and certain pieces of amenity land and garage sites at that time. The necessary transfers were not actioned correctly, with the parcels of land not being transferred and the office premises being transferred in June 2007 at a value less than intended. The process of rectification has now been completed. These financial statements reflect the correct position with a prior year adjustment.

Decent Homes Standard and Rent Restructuring

Each year the Board approves an improvement programme designed to improve the attractiveness and security of homes as well as targeting those homes that fail or are likely to fail the Decent Homes Standard. To date, we have completed various improvement programmes including heating installations, re-roofing works, double glazed windows, kitchen installations, electrical upgrades and external doors. For 2010/11 we will be carrying out a bathroom replacement programme and continuing with our electrical upgrade and fencing programmes, in addition to other improvement works. We anticipate that we will achieve the Government's Decent Homes Standard by the end of December 2010. At March 2010 only 12 homes failed to meet the Standard, with 46 tenant refusals. Where tenants have refused improvements we continue to check if they have changed their minds and ultimately we carry out the works when the property becomes vacant.

Our rent plan is designed to ensure compliance with the requirements of the Government's policy of rent restructuring aimed at establishing a more coherent pattern of rents across both the local authority and housing association sectors by 2011/12 whilst still meeting our investment needs. The rent plan was reviewed in July 2008 and approved by the Board. Rent increases are now based on target rent plus 5% effective from November 2008. Based on current rent levels, it is anticipated that a small number will be slightly below target rent minus 5% at March 2012. This is due to the low level of their rents at the start of rent restructuring. If these properties become vacant before then they will be re-let at target plus 5% rent level.

Corporate Plan

BCHA has 4 principal corporate objectives originally set in 2005 and most recently reviewed in January 2010:

- Objective 1:** to put tenants at the heart of our business
- Objective 2:** to deliver high quality services based around needs
- Objective 3:** we want the Beechdale neighbourhood to be a place where people want to live and work
- Objective 4:** to pursue value for money and seek to incorporate value for money principles in all our activities.

In working to meet these objectives we always strive to uphold our values:

- we believe everyone should be treated with respect and we value diversity
- we believe we should create an environment in which we constantly strive for improvement

BCHA's recovery programme, including delivery of the inspection action plan and the action plan following the consultant's 'health check', have led to change and contributed directly to the delivery of our corporate plan. The Board has identified 6 key corporate priorities for its operational plan in 2010 to ensure clarity of its strategic direction. These are:

- partner selection
- new repairs and maintenance contract implementation
- re-inspection
- resident involvement acceleration – developing co-regulation
- value for money
- TSA standards – developing our local offer.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Report of the Board of Management (continued)

Regeneration, Sustainability and Community Development

We are a founder member of the Beechdale Regeneration Partnership ("BRP"), which involves local organisations such as the Community Association, schools, churches, local businesses and the Police. BRP meets regularly to discuss issues. BRP will be very involved in the future development of the masterplan for the regeneration of the Beechdale area. Gillian Fellows, the Chair of BCHA's Board, is also the Chair of BRP.

BCHA is a member of the Children's Area Partnership (CAP) for Beechdale, with local schools, the Children's Centre, nurseries and the library. The key priority for the CAP is tackling child poverty and raising aspirations.

KABS Holistic Coaching Services Limited continues to help to deliver our community development strategy. KABS works with a variety of groups including young mums, and children and young people aged 8 to 25. The range of activities undertaken includes athletics coaching, sports, dancing and behaviour/ anger management. This highly successful programme supports in excess of 200 individuals from the Beechdale area.

The regeneration of the Beechdale area, both physical and socio-economic, is a key driver in our decision to seek a partner and will be a major area for consideration with our new partner.

We have continued to develop our community newspaper, the Noize, which is produced by an editorial team led by Word Association involving local people. It is increasingly popular and covers a wide range of community activities as well as our 'landlord' issues.

We engaged Walsall Welfare Rights Service to conduct a 'Health in the Household Survey' for all residents in Beechdale. The survey, which is nationally acclaimed by the Audit Commission as being best practice, commenced in mid June 2008. It is geared towards identifying potential welfare benefit claimants who may be missing out on benefits to which they are entitled e.g. carer's allowance, attendance allowance and pensions credit. It also helps identify any health problems and support residents who want to get back into work. At the conclusion of the survey in March 2010 the annual equivalent of £1,126,902.07 of additional benefits has been paid out to individuals collectively. The survey was a success in identifying those hard to reach residents on Beechdale but was less successful in reaching out to families. A number of ways have been identified to move forward which include data sharing between agencies and utilising community facilities in the area to deliver targeted events for families with young/disabled children in poverty who could greatly benefit from financial help. The cost to BCHA will be £6k per annum with Walsall Welfare Rights Service heavily subsidising the project.

Governance

The Association reviewed its governance arrangements following the inspection and the 'health check' review. The Board has adopted the NHF code Excellence in Governance in full and is working to ensure that supporting policies are up to date and robust. There were a number of changes in Board membership in 2009 with several founder members leaving the Association as the Board implements the time limit on Board membership. Board Member appraisal arrangements have been strengthened with individual appraisals carried out with external support resulting in the identification of individual development needs. Whilst the governance review kept the number of committees, since December 2009 the Operations Committee has effectively been collapsed back into the Board in recognition of the increased focus on local service delivery and in anticipation of the potential partnership arrangements. The effectiveness of our governance arrangements will continue to be reviewed as part of our potential partnership to further strengthen our strategic leadership and decision making processes.

Advisors and Contractors

The Association uses the services of professional advisors to support its staff. Key advisors are listed on page 5.

The Association employs a range of contractors to deliver its services including IT, repairs, grounds maintenance, and capital investment. The Association has entered into contractual arrangements consistent with achieving compliance with Egan principles relating to housing maintenance and repairs. Specifically, a new contract is in place from 1 April 2010 with Morrison Facilities Services Limited to deliver all our maintenance and improvement works. This followed a major EU compliant procurement exercise, involving tenants, Board Members and staff and supported by external consultants.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Report of the Board of Management (continued)

Board Members and Executive Officers

The Board carried out a governance review in 2009 and reduced the size of the Board from 15 to 12. This is a parity board of 6 tenants (or 4 tenants and 2 community representatives) and 6 independents. The Association's Rules have been formally revised and are now consistent with the NHF Model Rules (2005) as amended.

The Chair of the Board is a tenant member Independent Board Members are persons with professional, commercial and local authority experience. Tenant Board Members have a standard tenancy agreement. They have the same obligations and receive the same benefits as other tenants.

Members of the Senior Management Team (SMT) hold no interest in the Association's shares and have no legal status as directors, although they act as executives within the authority delegated by the Board.

Employees

A major strength of the Association lies in the quality and commitment of our employees. Our ability to meet our objectives and provide a quality customer service efficiently and effectively depends on the performance of all our staff. The Association aims to provide a high quality housing management and repair service with a small number of staff and is committed to providing training for its staff geared towards equipping them with the appropriate level of knowledge and skills to enable them to meet the changing needs of the business. A number of staff undertake external training, including NVQs in Customer Service and other specific professional qualifications.

Equal Opportunities and Diversity

The Association is committed to pursuing equal opportunities and diversity in providing housing and employment regardless of gender, race, nationality, ethnic or national origin, religious, cultural or political beliefs, disability (physical, mental or learning), marital or civil partnership status, social background, family circumstance, sexual orientation, gender reassignment, spent criminal convictions, age or for any other reason.

The Association regularly monitors its performance to ensure no-one is disadvantaged in relation to employment or the services they receive. The Diversity Working Group (DWG), consisting of representatives from the Board, staff and SMT, seeks to raise the profile of diversity and to achieve best practice. The tenants' Diversity Interest Group (DIGs) is also involved in reviewing service delivery and monitoring progress with our Single Equality Scheme. The Board's policies on Equal Opportunities and Diversity and Hate Crime and Harassment have been reviewed during the year to bring them up to date, and we are compliant with the CRE Code of Practice and the TSA's Good Practice Note on Diversity. The Single Equality Scheme and supporting action plan were approved by the Board in March 2010 and are monitored by the DWG and DIGs. Performance information has been further developed to monitor against all strands of diversity. We have completed profiling of 92% of our customers to give us a better understanding and help us shape our services around our customers' needs.. We work with a number of external agencies to assist in meeting our service users' requirements and are members of the Walsall Adapted Housing Scheme. We also work with other agencies as appropriate to provide support for victims of domestic abuse.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety and has detailed policies and procedures in place, which are subject to regular review. The Board is committed to embedding essential health and safety principles in all its activities and is aware of its legal liabilities.

The Interim Property Asset Manager is the lead officer for Health and Safety matters and is supported by our membership of Safety and Sustainability, part of the EEF Limited, which provides expert advice and assistance in safety related matters.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Report of the Board of Management (continued)

Board Statement on internal controls

The Board has overall responsibility for establishing and maintaining the Association's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and expected outcomes and can only provide the Board with reasonable and not absolute assurance against material mis-statement or loss. The system of internal controls also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

The Board has adopted a risk-based approach to internal controls which are embedded within the Association's management and governance process. This approach includes the regular evaluation and review of the nature and extent of risks to which the Association is exposed and is consistent with the principles set out in the Tenant Services Authority's Circular 07/07: Internal Controls Assurance. As permitted by the circular, the Board has delegated authority for internal controls to the Audit Committee, although responsibility for internal controls and other matters set out in the circular remains with the Board. The Tenant Services Authority also published a Good Practice Note: Demonstrating internal controls assurance in housing associations in January 2008. The Good Practice Note has been considered and was used as a basis for developing an Internal Controls Strategy for the Association which was approved by the Board in March 2008.

The Board has a sound and comprehensive framework to assess the effectiveness of the internal control system and gathers assurance from a number of sources as summarised below.

Audit Committee

The Board is supported in its responsibility for overseeing the adequacy and effectiveness of the Association's internal control system by the Audit Committee. The Committee met with SMT and the internal auditors and reviewed specific reporting and internal control matters and used these to satisfy itself that systems are operating effectively.

The Audit Committee considered the SMT annual report and the annual review of the effectiveness of the system of internal control and took into account any changes needed to maintain the effectiveness of the risk management and control processes. On the basis of its review, the Committee made an annual report to the Board on internal controls relating to the financial year 2009-2010.

Both the internal and the external auditors have direct access to the Audit Committee.

Internal Audit

The Association's internal auditors provide independent assurance on the control framework and risk management process to the Board via the Audit Committee, which regularly receives internal audit reports and approves the annual Internal Audit Plan. The internal audit services were reviewed in February 2009 as a result of which we engaged Mazars LLP with effect from 1 April 2009.

External Audit

The work of the external auditors provides some assurance through their interim and final audit visits, the provision of an audit strategy; audit report and management letter. A meeting is held with the auditors annually to discuss any changes in the business and to discuss strategic and technical matters. The external audit services were reviewed in February 2009 and a decision made to continue with BDO LLP.

Management Assurances

Management assurances were received by the Audit Committee from the annual internal controls statement, internal audit reviews and the management letter provided by the external auditors. The Finance Committee receives regular reports on quarterly financial reports.

Risk Management

Risk is considered by the Audit Committee which meets at least three times a year. It reviews the risks which might prevent the achievement of the Association's objectives, the control mechanisms that it operates for those risks, the monitoring arrangements required and SMT's responsibility. All risks, including those identified by the internal auditors, are classed according to the impact and probability of those risks occurring. Key risks, i.e. those which would adversely affect the Association's ability to achieve its objectives, are incorporated in the Risk Map and reviewed by the Committee. All other low level risks are monitored by SMT.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Report of the Board of Management (continued)

Control environment and control procedures

The Board is committed to high standards of probity and accountability and retains responsibility for strategic, operational, financial and compliance issues. The Board and its Committees approve policies and procedures, subject to regular review, including the code of conduct for Board Members and staff, delegation of authority, financial regulations, standing orders, gifts and hospitality, fraud and corruption, equal opportunities and diversity, data protection, confidentiality and openness and confidential reporting. Board and Committee reports incorporate risk implications, which link to the risk map, particularly in relation to control issues with a material impact on the Association's corporate objectives and goals.

Financial reporting systems

Financial reporting procedures include the preparation of forecasts, budgets and business plans which are approved by the Board. Reporting allows the Board and SMT to monitor the key risks and financial objectives and progress towards financial plans set for the year and the longer term.

Performance Indicators (PIs)

Key performance information is reported to SMT, the Board and its Committees. The Board and its Committees monitor strategic performance information to assess progress in achieving key business objectives whilst SMT monitors operational performance information, which supports the strategic PIs for the Association. Our information incorporates performance measures which allow us to monitor against the PIs that are used to measure whether or not an association is in the top quartile. The suite of PIs includes measures relating to financial results, diversity, staff, housing management, maintenance, lettings and customer satisfaction. The format of reporting to the Board is currently being revised to enable the Board to effectively focus on key strategic measures and any areas of concern, as well as recognising good performance.

The Tenant Services Authority Regulatory Framework

The Board is responsible for ensuring compliance with the Association's obligations under the regulatory framework. The regulatory outcome sought by the Tenant Services Authority is a viable organisation that is well governed. The TSA assesses associations via the Annual Viability Review and the Regulatory Judgement. Our Regulatory Judgement (RJ) was revised in June 2010 and states:

Viable: the Association meets the expectations set out in the governance and viability standard of the Regulatory Framework in relation to financial viability, however exposures exist which make it vulnerable to deterioration.

Properly Governed: the governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.

This revision of the RJ and improvement in the judgement of properly governed followed the completion of our recovery programme and the TSA signing off the inspection action plan in March 2010.

Disclosure of Information to the Auditors

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Report of the Board of Management (continued)

Statement of Board Responsibilities

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 for the group and association 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 group and 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.

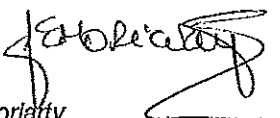
The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act (from 1 April 2010) 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).

Auditors

BDO LLP has expressed a willingness to continue in office and a resolution to re-appoint them was approved at the annual general meeting.

By order of the Board



J Moriarty
Secretary

23/9/10

Chilton House
Stephenson Avenue
Beechdale
Walsall WS2 7EU

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Independent auditor's report to the members of Beechdale Community Housing Association Limited

We have audited the financial statements of Beechdale Community Housing Association Limited for the year ended 31 March 2010 which comprise the consolidated and association income and expenditure accounts, the consolidated and association balance sheets, the consolidated and association statements of total recognised surpluses and deficits, the consolidated 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 and auditors

The Board's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the Board.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial & Provident Societies (Group Accounts) Regulations 1969, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act (from 1 April 2010) and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the Group has not kept proper accounting records, a satisfactory system of control over transactions has not been maintained, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Report of the Board, and consider whether it is consistent with the audited financial statements. This other information comprises only the chairman's statement and the operating and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act (from 1 April 2010) and Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the above statutes or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Association's circumstances, consistently applied and adequately disclosed.

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

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Independent auditor's report to the members of Beechdale Community Housing Association Limited (continued)

Opinion

In our opinion the Group and Association financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Association's affairs as at 31 March 2010 and of their results for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial & Provident Societies (Group Accounts) Regulations 1969, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act (from 1 April 2010) and the Accounting Requirements for Registered Social Landlords General Determination 2006.

BDO LLP

BDO LLP; statutory auditor

Birmingham

United Kingdom

Date 24/9/10

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

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Income and Expenditure Account for the year ended 31 March 2010

	Note	Group		Association	
		2010 £	2009 £	2010 £	As restated 2009 £
Turnover	3	4,361,716	4,094,791	4,355,074	4,084,553
Total Operating Costs (see note below)		<u>(3,440,540)</u>	<u>(3,366,757)</u>	<u>(3,422,334)</u>	<u>(3,069,824)</u>
Operating Surplus	3	921,176	728,034	932,740	1,014,729
Surplus on sale of fixed assets	10	<u>2,584</u>	-	<u>2,584</u>	-
		923,760	728,034	935,324	1,014,729
Interest receivable and similar income	6	491	7,879	491	7,879
Interest payable and similar charges	7	<u>(1,177,823)</u>	<u>(1,142,823)</u>	<u>(1,177,823)</u>	<u>(1,142,823)</u>
(Deficit) on ordinary activities before Taxation	8	(253,572)	(406,910)	(242,008)	(120,215)
Taxation on (deficit) on ordinary activities	9	<u>84,708</u>	<u>27,887</u>	<u>84,708</u>	<u>27,887</u>
(Deficit) for the year	17	(168,864)	(379,023)	(157,300)	(92,328)

The results for both years are wholly attributable to continuing activities.

Group operating costs for 2009 include an impairment charge in respect of housing properties and office premises of £318,921.

The notes on pages 20-37 form part of these financial statements.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Statement of total recognised surpluses and deficits
for the year ended 31 March 2010

		Group		Association	
		2010 £	2009 £	2010 £	As restated 2009 £
Deficit for the year		(168,864)	(379,023)	(157,300)	(92,328)
Actuarial (deficit)/surplus on pension scheme	19	(563,000)	105,000	(563,000)	105,000
		<u>(731,864)</u>	<u>(274,023)</u>	<u>(720,300)</u>	<u>12,672</u>
Prior year adjustment	2	-	-	363,545	-
Total (deficits)/surplus recognised since last financial statements		<u>(731,864)</u>	<u>(274,023)</u>	<u>(356,755)</u>	<u>12,672</u>

The notes on pages 20-37 form part of these financial statements.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Group Balance Sheet at 31 March 2010

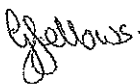
	Note	2010		2009	
		£	£	£	£
Fixed Assets					
Housing Properties at depreciated cost		22,064,271		21,710,879	
Less: Social Housing Grant		<u>(380,057)</u>		<u>(380,057)</u>	
	11a		21,684,214		21,330,822
Other Fixed Assets	11b		583,885		585,200
			<u>22,268,099</u>		<u>21,916,022</u>
Current Assets					
Debtors	12	300,183		252,449	
Cash at bank and in hand		<u>747,289</u>		<u>460,413</u>	
		1,047,472		712,862	
Creditors : Amounts falling due within one year					
	13	<u>(842,401)</u>		<u>(623,641)</u>	
Net current assets			<u>205,071</u>		<u>89,221</u>
Total assets less current liabilities			<u>22,473,170</u>		<u>22,005,243</u>
Creditors: Amounts falling due in more than one year	14		21,465,000		20,865,000
Provision for liabilities and charges	15		-		85,209
Pension Deficit	19		1,437,369		752,370
Capital and reserves					
Called-up share capital	16		44		43
Revenue reserve(deficit)/funds	17a		<u>(429,243)</u>		<u>302,621</u>
			<u>(429,199)</u>		<u>302,664</u>
			<u>22,473,170</u>		<u>22,005,243</u>

The financial statements were approved by the Board on its behalf by:

23/9

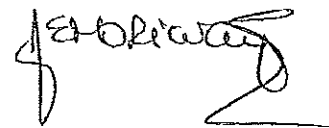
2010 and were signed on

G Fellows
Chair



P. Gennard
Board Member

J Moriarty
Secretary



BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Association Balance Sheet
at 31 March 2010

	Note	2010		As restated 2009	
		£	£	£	£
Fixed Assets					
Housing Properties at depreciated cost		22,064,271		21,710,879	
Less: Social Housing Grant		<u>(380,057)</u>		<u>(380,057)</u>	
	11a		21,684,214		21,330,822
Other Fixed Assets	11b		34,148		25,200
			<u>21,718,362</u>		<u>21,356,022</u>
Investments	28		1		1
Current Assets					
Debtors	12	873,081		820,254	
Cash at bank and in hand		<u>747,289</u>		<u>460,413</u>	
		1,620,370		1,280,667	
Creditors : Amounts falling due within one year	13	<u>(842,400)</u>		<u>(619,848)</u>	
Net current assets			777,970		660,819
Total assets less current liabilities			<u>22,496,333</u>		<u>22,016,842</u>
Creditors: Amounts falling due in more than one year	14		21,465,000		20,865,000
Provision for liabilities and charges	15		-		85,209
Pension Deficit	19		1,437,369		752,370
Capital and reserves					
Called-up share capital	16		44		43
Revenue reserve (deficit)	17b		<u>(406,080)</u>		<u>314,220</u>
			<u>(406,036)</u>		<u>314,263</u>
			<u>22,496,333</u>		<u>22,016,842</u>

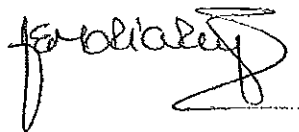
The financial statements were approved by the Board on 23/9 2010 and were signed on its behalf by:

G Fellows
Chair



P. Gennard
Board Member

J Moriarty
Secretary



BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

Group Cash Flow Statement for the year ended 31 March 2010

	Note	2010	2009
	£	£	£
Net cash inflow from operating activities	20	1,519,359	1,304,733
Returns on investment and servicing of finance			
Interest Received	491		7,879
Interest paid	(1,115,823)		(1,116,823)
Net cash outflow from returns on investments and servicing of finance		<u>(1,115,332)</u>	<u>(1,108,944)</u>
		404,027	(195,789)
Corporation Tax Paid		(18,499)	(49,199)
Capital Expenditure and financing investments			
Additions to housing properties	(683,113)		(1,333,786)
Payments to acquire other tangible fixed assets	(18,358)		(6,315)
Receipts from sale of assets	2,818		-
Net cash outflow from capital expenditure and financing investments		<u>(698,653)</u>	<u>(1,340,101)</u>
Net cash outflow before financing		(313,125)	(1,193,511)
Financing	22	600,000	1,300,000
Issue of ordinary share capital	1		2
Net cash inflow from financing		600,001	1,300,002
Increase in cash	22	<u>286,876</u>	<u>106,491</u>

The notes on pages 20-37 form part of these financial statements.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Association's financial statements:

a) *Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Accounting Requirements for Registered Social Landlords General Determination 2006, the National Federation of Housing Association's Statement of Recommended Practice "Accounting by Registered Social Landlords", 2008, and under the historical cost basis of accounting.

Going concern:

The Association went through an Audit Commission inspection in November 2008 which gave a rating of zero stars, uncertain prospects. Since inspection the Association has completed its action plan which has been signed off by the TSA. The Association's funder is satisfied with the progress made and with the revised Regulatory Judgement.

The Board of Management has also prepared cash and trading forecasts which demonstrate that the group can meet its obligations as they fall due and has sufficient loan facilities to continue to fund planned developments for the medium term. The group continue to meet lender's covenants and facilities continue to be made available. For these reasons, The Board of Management believe it is appropriate to continue to prepare the financial statements on a going concern basis.

b) *Consolidation*

The consolidated financial statements incorporate the results of Beechdale Community Housing Association Limited and its subsidiary Beechdale Community Development Limited using the acquisition method of accounting.

c) *Fixed assets and depreciation*

Housing properties are stated at cost, this being their purchase price together with enhancement expenditure including capitalised interest and directly attributable overheads.

Provision for depreciation on freehold housing has been charged on the stated historical cost after the deduction of an applied land value (30%) and depreciation is applied over seventy five years. Separately identifiable components within housing properties are depreciated over their estimated useful life at rates between ten to seventy five years.

Other tangible fixed assets are stated at cost less accumulated depreciation. From 1st April 2007 a partial year's depreciation is charged in the year of purchase, with a full year in the year of disposal. Depreciation to expected residual value is charged on an annual basis as follows :

Office equipment & Scheme Furniture	15%	straight line basis
Computer equipment	25%	straight line basis
Motor vehicles - new	25%	straight line basis
Office Premises	2%	straight line basis

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Principal accounting policies (continued)

d) **Pensions**

The company is an admitted body of the West Midlands Pension Fund. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against revenue represents the contributions payable to the scheme in respect of the accounting period.

The difference between the fair value of the assets held in the company's defined benefits pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes to the defined benefit scheme asset or liability arising from factors other than cash contribution by the company are charged to the profit and loss account or the statement of total recognised surpluses and deficits in accordance with FRIS 17 "Retirement benefits".

e) **Provision for future cyclical repairs and maintenance**

Due to the number of properties held and the establishment of regular programmes of repair and maintenance, the Association does not make provision for future works but charges actual costs incurred to the income and expenditure account in the year in which it is incurred.

f) **Capitalisation of interest**

Interest on the mortgage loan financing development is capitalised up to the date of practical completion of a scheme.

g) **Accounting for Grants**

Where developments have been partly financed by social housing grant, the cost of these developments has been reduced by the amount of grant received. Social housing grant outstanding is shown as a debtor. Grants for revenue expenditure are credited to the Income and Expenditure account as they become receivable.

h) **Sale of Housing Properties**

Sales of Housing Properties under right to buy arrangements are taken into account on completion of the sale. Both the original cost of the property and any improvements are eliminated from property assets following each sale and are charged to the Income and Expenditure Account.

i) **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

j) **Operating leases**

Rentals paid under operating leases are charged to the Income and Expenditure account over the period of the lease.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Principal accounting policies (continued)

k) **Expenditure on property repairs**

The Association capitalises major repairs expenditure on housing properties which would have resulted in additional costs at the time of the original construction and which adds to the value of the property, extends its useful life, or increases the previously assessed performance of the asset. All other expenditure, including day to day reactive repairs, medium term cyclical repairs and long term planned repairs incurred over a property's life in order to maintain the fabric of the original asset is charged to the income and expenditure account as incurred.

l) **Bad debt policy**

Bad debt provision for all debts is based on 100% of all former tenants' accounts and 100% of current tenants' accounts with arrears over £750.

m) **Impairment**

Where the Board of Management believe that a permanent reduction has occurred in the economic value of an asset an appropriate provision is reflected in the financial statements.

2 **Prior year adjustment**

During the year ended 31 March 2009, the Association obtained charitable status and adopted a group structure. It was the intention that the non-charitable subsidiary, Beechdale Community Development Limited should take ownership of the freehold office and certain pieces of amenity land and garage sites at that point in time. The necessary transfers were not actioned in accordance with the instructions given by the Association, with the parcels of land not being transferred and the office premises being transferred in June 2007 at a value less than intended.

As previously reported this was in the process of being rectified and the financial statements have now been adjusted to restate the position to that originally intended and correct the error in the previous year. Comparative figures in the parent Associations financial statements have therefore been restated to recognise the transfer of the office premises at the correct valuation of £475,000 and the parcels of land at £95,000. The effect of this is to reduce the loss on the transfer previously recognised by £370,000. The impact of this on the rental income was a reduction of £18,129 and on non social housing operating costs the impact was a reduction of £11,674. This gives a net prior year adjustment of £363,545.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 a) *Turnover, operating costs and operating surplus*

Group	Turnover	Operating Costs	Operating Surplus
	£	£	£
		2010	
<i>Social housing lettings</i>	4,332,479	3,411,303	921,176
<i>Non social housing activities</i>	29,237	29,237	-
	4,361,716	3,440,540	921,176
		2009	
<i>Social housing lettings</i>	4,072,730	3,349,833	722,897
<i>Non social housing activities</i>	22,061	16,924	5,137
	4,094,791	3,366,757	728,034
Association		2010	
<i>Social housing lettings</i>	4,332,479	3,396,300	936,179
<i>Non social housing activities</i>	22,595	26,034	(3,439)
	4,355,074	3,422,334	932,740
As restated		2009	
<i>Social housing lettings</i>	4,070,351	3,057,320	1,013,031
<i>Non social housing activities</i>	14,202	12,504	1,698
	4,084,553	3,069,824	1,014,729
Group		2010	2009
Particulars of turnover from non social housing activities:		£	£
- Other Income		29,237	16,924
- Revenue grants		-	5,137
		29,237	22,061
Association		2010	As restated 2009
Particulars of turnover from non social housing activities:		£	£
- Other Income		18,999	5,646
- Management Charge		3,596	3,419
- Revenue grants		-	5,137
		22,595	14,202

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(b) Income and expenditure from lettings

Group	General Needs Housing Accommodation	
	2010 £	2009 £
Rent receivable	4,374,617	4,105,168
Less: rent losses from voids	(42,138)	(32,438)
Total income from lettings	4,332,479	4,072,730
Management	1,730,661	1,759,769
Routine maintenance	1,020,222	693,733
Planned Maintenance	301,527	250,330
Rent losses from bad debts	29,172	25,970
Impairment provision	0	318,921
Depreciation of Housing Properties	329,721	301,110
Total expenditure on lettings	3,411,303	3,349,833
Operating surplus on letting activities	921,176	722,897

Association	General Needs Housing Accommodation	
	2010 £	2009 £
Rent receivable	4,374,617	4,102,789
Less: rent losses from voids	(42,138)	(32,438)
Total income from lettings	4,332,479	4,070,351
Management	1,715,658	1,746,159
Routine maintenance	1,020,222	693,733
Planned Maintenance	301,527	250,330
Rent losses from bad debts	29,172	25,970
Impairment provision	0	40,018
Depreciation of Housing Properties	329,721	301,110
Total expenditure on lettings	3,396,300	3,057,320
Operating surplus on letting activities	936,179	1,031,031

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 (b) *Income and expenditure from lettings (continued)*

The rent increase applied in 2009/10 was consistent with the Association's plan to achieve restructured rents by the end of 2011/12 in accordance with government guidelines. The increase was RPI plus 0.50% + 5% plus/minus up to £2 per week for both transferred assured and for new assured tenancies. The rent increase was applied in November 2009.

4 **Directors' emoluments**

The remuneration paid to the directors of the Association who are defined as the four Members of the Board of Management, the Chief Executive, Finance Director, Operations Director and Performance Development Manager was:

	2010 £	2009 £
Emoluments	161,729	200,378
Pension contributions	25,125	32,572
(including pension contributions and benefits in kind)	<u>186,854</u>	<u>232,950</u>
Total expenses reimbursed to the directors not chargeable to United Kingdom income tax	<u>280</u>	<u>924</u>
Emoluments (excluding pension contributions) include amounts paid to :		
The highest paid director (the Chief Executive)	<u>71,968</u>	<u>70,661</u>

The Chief Executive is a member of the West Midlands Metropolitan Authorities Pension Fund. She does not receive any enhanced pension rights.

The emoluments included a payment of £20,894 for loss of office during 2009/10 for the former Director of Finance.

None of the board of management received any emoluments (2009:nil).

5 **Employee information**

The average weekly number of full time staff (including the Chief Executive) employed during the year was 20 (2009: 21). All group staff except three are employed full time.

The aggregate payroll costs for these persons were as follows:

	2010 £	2009 £
Wages and Salaries	657,109	652,671
Social security costs	40,788	48,117
Other pension costs	<u>60,000</u>	<u>99,000</u>
	<u>757,897</u>	<u>799,788</u>

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6	Interest receivable and similar income			
	Group and Association			
		2010		2009
		£		£
	Bank Interest received	491		7,712
	Other interest	-		167
		<u>491</u>		<u>7,879</u>
7	Interest payable and similar charges			
	Group and Association			
		2010		2009
		£		£
	On housing loans	1,115,823		1,116,823
	FRS 17 Financing Adjustment	62,000		26,000
		<u>1,177,823</u>		<u>1,142,823</u>
8	Deficit on ordinary activities before taxation			
	<i>Deficit on ordinary activities before taxation is stated after charging/(crediting)</i>			
		2010		2009
		£		£
	Depreciation on tangible fixed assets-Group	349,160		312,632
	Depreciation on tangible fixed assets-Association	337,813		308,615
	Surplus on asset disposals - Association	(2,584)		-
	Group and Association			
	- Auditors' remuneration (including VAT):			
	- In their capacity as auditors	37,375		21,963
	- In respect of other services	9,539		8,423
	- Operating lease charges – other assets	76,827		84,845
9	Taxation			
	Group	2010	2010	2009
		£	£	£
	UK Corporation Tax			Group & Association
	Tax on (deficit) for the year	-	-	19,000
	Deferred Taxation	(85,209)	(85,209)	(46,887)
	Current year tax charge	<u>(85,209)</u>	<u>(85,209)</u>	<u>(27,887)</u>
	<i>Adjustment in respect of prior years</i>			
	UK corporation tax	501	501	-
	Taxation on (deficit) on ordinary activities	<u>(84,708)</u>	<u>(84,708)</u>	<u>(27,887)</u>

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 Taxation (continued)

The tax assessed for the period is higher than the standard rate of Corporation tax in the UK.

The differences are explained below:

	2010	2009
	£	£
(Deficit) on ordinary activities before tax	<u>(253,572)</u>	<u>(406,910)</u>
(Deficit) on ordinary activities at the standard rate of corporation tax in the UK of 21 % (2009: 21%)	(53,250)	(85,451)
Depreciation in excess of capital allowances	-	20,451
Expenses not deductible for tax	-	63,174
Marginal relief		(4,312)
Other		182
Net expenses incurred during charitable activities	<u>53,250</u>	<u>24,956</u>
Corporation Tax Charge for the year	<u>-</u>	<u>19,000</u>

10 Disposal of fixed assets

	2010	2009
	£	£
External disposals		
-Group and Association		
Proceeds of sale	2,818	-
Carrying value of properties	<u>(234)</u>	<u>-</u>
Surplus on disposal	<u>2,584</u>	<u>-</u>

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

11a **Tangible fixed assets Freehold**
Housing Assets

Group and Association

Cost	2010 £	2009 £
At beginning of year	23,843,444	22,549,676
Additions	683,113	1,333,786
Disposals	-	-
Impairment	-	(40,018)
	<u>24,526,557</u>	<u>23,843,444</u>
Depreciation		
At beginning of year	2,132,565	1,831,455
Charge for Year	329,721	301,110
Disposals	-	-
	<u>2,462,286</u>	<u>2,132,565</u>
Social Housing Grant		
At beginning of year	380,057	380,057
Received in year	-	-
	<u>380,057</u>	<u>380,057</u>
Net Book Value		
At 31 March 2010	<u>21,684,214</u>	<u>21,330,822</u>
At 31 March 2009	<u>21,330,822</u>	<u>20,338,164</u>

The repair cost incurred during the year for the group and Association amounted to £1,599,310 of which £277,562 has been capitalised.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11b Consolidated Tangible fixed assets - Other Assets

Group	Freehold Offices and land	Office and Computer equipment	Motor vehicles	Total
Cost and valuation	£	£	£	£
At beginning of year	698,810	137,206	12,179	848,195
Additions	1,084	17,274	-	18,358
Disposals	-	(6,163)	(12,179)	(18,342)
At end of year	<u>699,894</u>	<u>148,317</u>	<u>-</u>	<u>848,211</u>
Depreciation				
At beginning of year	138,810	112,006	12,179	262,995
Charge for Year	11,347	8,092	-	19,439
Disposals	-	(5,929)	(12,179)	(18,108)
At end of year	<u>150,157</u>	<u>114,169</u>	<u>-</u>	<u>264,326</u>
Net Book Value				
At 31 March 2010	<u>549,737</u>	<u>34,148</u>	<u>-</u>	<u>583,885</u>
At 31 March 2009	<u>560,000</u>	<u>25,200</u>	<u>-</u>	<u>585,200</u>

Tangible fixed assets- Other Assets

Association As restated	Freehold Offices & Land	Office & computer Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At beginning of year	-	137,206	12,179	149,385
Additions	-	17,274	-	17,274
Disposals	-	(6,163)	(12,179)	(18,342)
At end of year	<u>-</u>	<u>148,317</u>	<u>-</u>	<u>148,317</u>
Depreciation				
At beginning of year	-	112,006	12,179	124,185
Charge for Year	-	8,092	-	8,092
Disposals	-	(5,929)	(12,179)	(18,108)
At end of year	<u>-</u>	<u>114,169</u>	<u>-</u>	<u>114,169</u>
Net Book Value				
At 31 March 2010	<u>-</u>	<u>34,148</u>	<u>-</u>	<u>34,148</u>
At 31 March 2009	<u>-</u>	<u>25,200</u>	<u>-</u>	<u>25,200</u>

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 Debtors

	Group		Association	
	2010	2009	2010	As restated 2009
	£	£	£	£
Amounts falling due within one year:				
Gross rental arrears	314,572	226,822	314,572	226,822
Provision for bad debts	(108,423)	(88,096)	(108,423)	(88,096)
	206,149	138,726	206,149	138,726
Amount due from subsidiary undertaking	-	-	572,899	567,804
Other debtors and prepayments	94,034	113,723	94,033	113,724
	300,183	252,449	873,081	820,254

The amount due from subsidiary undertaking is due after more than one year.

13 Creditors:

	Group		Association	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year :				
Trade creditors	591,904	425,111	591,904	425,111
Other taxation and social security	14,800	17,100	14,800	17,000
Corporation tax	-	19,000	-	19,000
Other creditors	-	-	-	1
Accruals and deferred income	235,697	162,430	235,696	158,636
	842,401	623,641	842,400	619,848

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14 Creditors : Group and Association

	2010	2009
	£	£
Amounts falling due in more than one year		
Housing loans repayable in five years or more	21,465,000	20,865,000
	<u>21,465,000</u>	<u>20,865,000</u>

Housing loans are secured by specific charges on the Association's housing properties. Repayment is due in accordance with an agreed repayment profile reducing the loan balance from 2017, with full repayment by 2037. Rates of interest on fixed rate loans range between 4.62% and 5.49% (which includes a margin of 0.30%). Variable rate loans are at LIBOR plus a margin of 0.30%.

15 Provision for liabilities and charges

Deferred Tax	2010	2009
	£	£
At 1 April 2009	85,209	132,096
Current Year credit	<u>(85,209)</u>	<u>(46,887)</u>
At 31 March 2010	<u>-</u>	<u>85,209</u>

Deferred Taxation is provided in full as set out below:

	2010	2009
	£	£
Other timing differences	-	85,209
	<u>-</u>	<u>85,209</u>

16 Called up share capital for Group and Association

	2010	2009
	£	£
Shares of £1 each issued and fully paid:		
At beginning of year	43	41
Issued during the year	<u>1</u>	<u>2</u>
At end of year	<u>44</u>	<u>43</u>

The shares have a nominal value of £1 each and provide members with the right to vote at general meetings, but do not provide a right to dividends or distributions on winding up. The issue of shares is authorised as required throughout the year. Shares in issue cannot be repaid or transferred, and when a shareholder ceases to be a member, the share is cancelled and the amount paid up becomes the property of the Association. Therefore, all shareholdings relate to non-equity interest.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17a	Reserves : Group	Revenue Reserve £	Total Reserves £
	At 1 April 2009	302,621	302,621
	Deficit for the year	(168,864)	(168,864)
	Transfers in respect of pension deficit provision	(563,000)	(563,000)
	At 31 March 2010	(429,243)	(429,243)

17b	Reserves – Association As restated	Revenue Reserve £	Total Reserves £
	At 1 st April 2009	(49,325)	(49,325)
	Prior year adjustment	363,545	363,545
	As restated	314,220	314,220
	Deficit for the year	(157,300)	(157,300)
	Transfers in respect of pension deficit provision	(563,000)	(563,000)
	At 31 March 2010	(406,080)	(406,080)

18 **Capital commitments: Group and Association**

	2010 £	2009 £
Expenditure contracted not provided	-	859,100
Expenditure authorised not contracted	866,500	-

The Association is carrying out a programme of major repairs and improvements to the properties acquired. The expenditure contracted for is in respect of property improvements. The Association has a loan facility of £25 million to discharge these liabilities.

19 **Pension obligations: Group and Association**

Certain employees are members of the West Midlands Metropolitan Authorities Superannuation Fund, a multi-employer defined benefit scheme. The pension cost is assessed with the advice of an independent qualified actuary. The latest actuarial valuation of this defined benefit scheme was 31 March 2007.

As at 31 March 2007, the aggregate market value of the assets of the scheme was £7,513 million (excluding AVC's) and the actuarial value of the assets was sufficient to cover 82% of benefits accrued to members, after allowing for expected increases in earnings.

This method and assumptions were the same as used in the calculation of pension cost described above. The next actuarial valuation is due to take place as at 31 March 2010.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**Financial Reporting Standard 17 'Retirement Benefits'
(FRS 17)**

Change in Benefit Obligations

	Year to 31/03/2010 £	Year to 31/03/2009 £
At the beginning of the year	2,351,369	2,780,370
Current service cost	60,000	99,000
Interest cost	167,000	165,000
Member contributions	28,000	32,000
Past Service Costs	-	-
Curtailment / Settlement	-	-
Actuarial (gains)/losses	958,000	(618,000)
Benefits paid	(31,000)	(107,000)
Benefit obligation at end of year	<u>3,533,369</u>	<u>2,351,370</u>

Change in plan assets

Fair value of Plan Assets at the beginning of the year	1,599,000	2,048,000
Expected return on plan assets	105,000	139,000
Actuarial (gains)/losses	395,000	(513,000)
Curtailment / settlement	-	-
Employer contributions	-	-
Member contributions	28,000	32,000
Benefits paid	(31,000)	(107,000)
Fair value Plan Assets at end of the year	<u>2,096,000</u>	<u>1,599,000</u>

	At year-end 31/03/2010 £	At year-end 31/03/2009 £
Reconciliation to balance sheet		
Present value of fund obligations	(3,533,369)	(2,351,370)
Fair value of plan assets	<u>2,096,000</u>	<u>1,599,000</u>
Plan deficit	<u>(1,437,369)</u>	<u>(752,370)</u>
Related deferred tax assets	-	-
Net liability recognised	<u>(1,437,369)</u>	<u>(752,370)</u>

The amounts recognised in income and expenditure are as follows

	Year to 31/03/2010 £	Year to 31/03/2009 £
Included in administrative expenses		
Current service cost	60,000	99,000
Past service /curtailment /settlement gain	-	-
Included in other finance expenses:		
Interest Cost	167,000	165,000
Expected return on assets	(105,000) 62,000	(139,000) 26,000
	<u>122,000</u>	<u>125,000</u>

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	Year to 31/03/2010	Year to 31/03/2009
Analysis of amount recognised in statement of total recognised gains and losses	£	£
Actual return less expected return on pension plan assets	395,000	(513,000)
Changes in assumptions underlying the present value of the scheme liabilities	(958,000)	618,000
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	<u>(563,000)</u>	<u>105,000</u>
Plan Assets		
The weighted average asset allocation at the end of the year was as follows:	Plan assets at	Plan assets at
	31/03/10	31/03/09
	£	£
Composition of assets		
Equities	1,534,000	1,043,000
Government Bonds	178,000	217,000
Other Bonds	161,000	123,000
Property	195,000	165,000
Cash/other	28,000	51,000
Total plan assets	<u>2,096,000</u>	<u>1,599,000</u>
Actual return on plan assets	<u>500,000</u>	<u>(374,000)</u>

To develop the expected long-term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the above assumptions.

Weighted average assumptions used to determine benefit obligations at:

	31/03/2010	31/03/2009
Discount rate	5.65%	7.00%
Rate of salary increases	5.35%	5.25%
Rate of pension increases	3.60%	3.50%
Inflation assumption	3.60%	3.50%
Further life expectancies from age 65:		
Retiring today		
Males	21.7	21.2
Females	24.9	24.0
Retiring in 20 years		
Males	23.5	22.2
Females	26.8	25.0

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Weighted average assumptions used to determine net pension cost for the year ended:

	31/03/2010	31/03/2009
Discount rate	7.00%	5.90%
Expected long-term return on plan assets	6.58%	6.92%
Rate of salary increase	5.25%	5.35%
Rate of pension increase	3.50%	3.60%
Inflation assumption	3.50%	3.60%
Further life expectancies from age 65:		
Retiring today		
Males	21.2	21.1
Females	24.0	24.0
Retiring in 20 years		
Males	22.2	22.2
Females	25.0	25.0

Five Year History

	Financial Period Ending In				
	31/03/2010	31/03/2009	31/03/2008	31/03/2007	31/05/2006
Benefit obligation at end of year	3,533	2,351	2,780	2,212	1,980
Fair value of plan assets at end of year	2,096	1,599	2,048	1,889	1,374
Surplus/ (deficit)	(1,437)	(752)	(732)	(323)	(606)
Difference between expected and actual return on scheme assets:					
Amount (£'000)	395	(513)	20	12	191
Percentage of scheme assets	18.8%	(32.1)%	1.0%	0.6%	13.9%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	-	-	(181)	-	(58)
Percentage of scheme assets	0.0%	0.0%	(6.5)%	0.0%	(2.9)%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	(563)	105	(289)	(11)	(29)
Percentage of scheme assets	(15.9)%	4.5%	(10.4)%	(0.5)%	(1.5)%

Contributions

The employer expects to contribute £70,000 in the year to 31 March 2011

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20	Reconciliation of consolidated operating surplus to net cash inflow from operating activities		
		2010	2009
		£	£
	Operating surplus	921,176	728,034
	Depreciation	349,160	312,632
	Impairment	-	318,921
	(Increase) in debtors	(47,734)	(34,636)
	(Decrease)/Increase in creditors	236,757	(119,218)
	FRS17 adjustment to pension liability	60,000	99,000
	Net Cash In	<u><u>1,519,359</u></u>	<u><u>1,304,733</u></u>
21	Reconciliation of net cash flow to movement in net debt		
		2010	2009
		£	£
	Increase / (Decrease) in cash in the year	286,876	106,491
	Housing loans received	(600,000)	(1,300,000)
		<u>(313,126)</u>	<u>(1,193,509)</u>
	Net debt brought forward	(20,404,587)	(19,211,078)
	Net debt carried forward	<u><u>(20,717,711)</u></u>	<u><u>(20,404,587)</u></u>
22	Analysis of changes in net debt		
		At 1 April 2009	Cash flow
		£	£
	Cash at Bank and in hand	460,413	286,876
	Debt due after more than five years	(20,865,000)	(600,000)
	Total	<u><u>(20,404,587)</u></u>	<u><u>(313,126)</u></u>
			At 31 March 2010
			£
			747,289
			<u><u>(21,465,000)</u></u>
			<u><u>(20,717,711)</u></u>
23	Housing stock in management: Group and Association	2010	2009
		Number	Number
	Bungalows	98	98
	Flats	252	252
	Houses	888	888
		<u><u>1,238</u></u>	<u><u>1,238</u></u>

Six bedsit units were withdrawn from management in 2000/2001. One of these is being brought back into use as a community project with Mary Elliot School – the others remain empty pending a decision on future use.

24 Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority under the Housing Act 1996.

BEECHDALE COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

25 Other financial commitments Group and Association

The Group is committed to making the following annual payments under non-cancellable operating leases.

	2010 £	2009 £
Operating leases which expire :		
Within 1 year	-	63,534
2 - 5 years	<u>70,486</u>	<u>174,455</u>
	<u>70,486</u>	<u>237,989</u>

26 Related Parties

The Association has a number of tenant Board Members whose tenancy agreements are on the same terms as those of non Board Members.

The tenant Board Members as at 31 March 2010 were:

Gillian Fellows	Linda Woodward
Alan Bednall	Bob Griffiths

27 Statement of grant movements Group and Association

	2010 Capital (SHG) £	2010 Revenue £	2009 Capital (SHG) £	2009 Revenue £
At 1 April 2009	380,057	5,137	380,057	-
Home office & EEC grants received	-	-	-	5,137
At 31 March 2010	<u>380,057</u>	<u>5,137</u>	<u>380,057</u>	<u>5,137</u>

28 Investments – Subsidiary Undertaking

Beechdale Community Development Limited was registered on 6 September 2005 as a non charitable company and became active in June 2007.

Beechdale Community Housing Association Limited holds one share in the new company. The remaining fifteen shares will be issued to the members of the Board of Management of Beechdale Community Housing Association Limited. At the 31 March 2010 all of the shares were unpaid. Beechdale Community Housing Association controls Beechdale Community Development Limited and it appoints all members to the Board of Directors.