

A1 Housing Bassetlaw Limited  
Company Limited by Guarantee  
FINANCIAL STATEMENTS  
for the year ended  
31 March 2011

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

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# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### OFFICERS AND PROFESSIONAL ADVISERS

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#### DIRECTORS

Michael Bowskill (Chairman)	Independent member
Councillor Anthony Tromans	Council member
Councillor Raymond Simpson	Council member
Councillor Carolyn Troop	Council member
Councillor David Hare	Council member
Councillor Josie Potts	Council member
Heather McMillan	Tenant member
Brian Bailey (Vice-Chair)	Tenant member
Richard Underwood	Tenant member
Roy Hewitt	Tenant member
Barbara Boyfield	Tenant member
Caroline Mason	Independent member
Denise Colton	Independent member
Janet Coyne	Independent member
Peter Wilson	Independent member

#### SECRETARY

Bernard Coleman

#### REGISTERED OFFICE

Carlton Forest House  
Hundred Acre Lane  
Worksop  
Nottinghamshire  
S81 0TS

#### AUDITORS

Baker Tilly UK Audit LLP  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

#### ACTUARY

Barnett Waddingham  
Silver Springs House  
2 Topaz Way  
Birmingham Road  
Bromgrove  
B61 0GD

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

OFFICERS AND PROFESSIONAL ADVISERS (continued)

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### CORPORATE MANAGEMENT TEAM

Bernard Coleman	Managing Director
Don Spittlehouse	Director of Technical and Housing Services
Joice Richards	Director of Strategy and Change
Stuart Morris	Head of Finance

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### DIRECTORS' REPORT

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The Directors submit their report and financial statements of A1 Housing Bassetlaw Limited for the year from 1 April 2010 to 31 March 2011.

#### PRINCIPAL ACTIVITIES

The Company's principal activity during the year was the management and maintenance of the housing stock on behalf of Bassetlaw District Council (BDC), these numbered 6,938 units as at 31 March 2011 (6,943 at 31 March 2010). The company was established as an Arms Length Management Organisation (ALMO) in accordance with a Government policy initiative for local authority housing management.

A1 Housing Bassetlaw Limited is responsible for the day-to-day management of the housing services, which includes housing management, warden services, housing repairs, capital works and technical and design services.

Under a management agreement with Bassetlaw District Council, A1 Housing Bassetlaw Limited receives funding to manage and maintain the housing stock on behalf of Bassetlaw District Council. This is shown in the Company's income statement under the heading "Revenue".

#### REVIEW OF THE BUSINESS

The key focus for A1 Housing during 2010/11 was to maintain the achievement of the 'Good Service' or two star rating from the Audit Commission, which enabled the release of an additional £62 million to bring homes in Bassetlaw up to the Government's 'Decent Homes' standard. In February 2011, the Audit Commission announced that A1 Housing had achieved the 'Good Service' or two star rating with Promising Prospects; this was a tremendous result for the organisation and A1's customers.

On a scale from zero to three stars the Audit Commission inspection team gave A1 Housing a 'good' two star rating. Following the successful two star inspection, a plan of improvement was agreed and tenants, managers and the Board closely monitor this to make sure all of the key recommendations are being delivered. Once again a full review of the Supporting People Service could not take place as the Nottinghamshire County Council's Supporting People team have not yet concluded their review on whether there should be one or more control centers for lifelines in Nottinghamshire and the future funding cuts for the service.

The delivery of the 'Decent Homes' program is underway, with nearly £14,000,000 of improvements successfully delivered during 2010/11. The Department For Communities and Local Government has confirmed the allocation of funds to deliver improvements during 2011/12 at £3.79 million for the year and in 2012/13 £4.5 million. Allocations beyond 2012/13 will be considered as part of the next Government's comprehensive spending review.

ALMO allocations are normally made by the Department For Communities and Local Government in two-year tranches to give ALMOs sufficient confidence to deliver their investment programmes prudently and to ensure that contractual arrangements provide good value for money.

As part of the monitoring progress at A1 Housing we record a number of performance indicators. Managers, Board Members, BDC and Tenants monitor these on a quarterly basis. We have continued to deliver improvements during 2010/11. A1 Housing closely monitors 49 top performance indicators for the business. Further information regarding performance indicators, and future improvement plans are available on A1's website at [www.a1housing.co.uk](http://www.a1housing.co.uk).

The levels of customer involvement in both formal and informal situations continue to grow and become an essential part of A1's decision-making processes.

During 2010/11 our Building Repairs Service was once again shortlisted for the 'Best Performer' in the country by the Association of Public Service Excellence. We also achieved an EDIE award for our work on renewable energy. To address issues of fuel poverty and reduce the impact of carbon emissions we have installed a large number of ground and air heat source central heating systems as well as reviewing and decommissioning where possible coal fired communal district heating boilers.

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### DIRECTORS' REPORT (continued)

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#### REVIEW OF THE BUSINESS (continued)

During the year in partnership with Bassetlaw District Council we obtained Housing Corporation's additional funding for their Approved Development Programme to build 9 new flats and 5 shops in Retford, which was the first step in positioning the company to be able to build new social housing in the future.

Once again the organisation has exceeded its target for efficiencies in both cashable/non-cashable revenue and capital expenditure with over £1,200,000 savings during 2010/11 against a target of £1,000,000. This increases the total efficiencies made by A1 Housing to over £5,000,000 since our creation in 2004.

Our performance during 2010/11 shows that the prospects for continuing to deliver service improvements in 2011/12 are good.

Our good performance since the creation of A1 was a key factor in Bassetlaw District Council's decision to renew our contract in September 2009 for a further five years.

#### FINANCIAL RESULTS

The financial statements for the year ended 31<sup>st</sup> March 2011 have been compiled according to IFRS requirements. In previous years, the financial statements were compiled according to UKGAAP. As a consequence, it has been necessary to conduct minor alterations to the 2010 comparative figures. These alterations have not resulted in any change to the overall profit of the company.

The profit for the year, prior to any IAS 19 adjustments, was £100,315. The retained earnings (excluding pension liability) increased to £388,000 in 2011 from £288,000 in 2010.

There has been a considerable improvement in the Pension Reserve in 2011 compared to 2010. This is due to two main factors. Firstly, there has been an actuarial gain of £4,070,000 in 2011, compared to an actuarial loss of £5,103,000 in 2010. Secondly, in 2011 there has been a one-off past service gain of £2,214,000. These were due to the announcement by Government that future pension increases would be based on Consumer Price Index rather than Retail Price Index.

#### FUTURE DEVELOPMENTS

To enable the Company to build on past successes a service plan for 2011/12 has been prepared. The purpose and structure of the Plan is to set out:

- How our strategic priorities contribute to the delivery of Bassetlaw's Community Strategy, Corporate Strategy and Housing Strategy
- How we manage A1 Housing and improvements in key corporate priority areas
- How we align our resources to meet our strategic priorities
- How we engage with our tenants, residents, partners and stakeholders
- How well we delivered our services last year
- Our plans and targets for future service improvements including improvements as a result of external audit and inspection

The Plan is in three parts:

**Part 1** sets the context for the Plan and how our strategic priorities are supporting the delivery of Bassetlaw's Community Strategy, Corporate Plan 2010-2013 and Housing Strategy. It sets out our plans for improvement and describes how well we have performed in delivering services. Our achievements and improvement priorities are linked through the action planning process to the four key challenges of Bassetlaw's Corporate Plan.

- Regenerate the Area and Improve the Environment People Live In
- Support a Vibrant Local Economy

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### DIRECTORS' REPORT (continued)

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#### FUTURE DEVELOPMENTS (CONTINUED)

- Improve the Quality of Housing and Housing Choice
- Improve Customer Satisfaction

**Part 2** contains detailed performance data and supporting information, including Best Value Performance Information Statistics.

**Part 3** contains details of A1 Board and Corporate Management Team, service areas and protocol with the Council. Details on A1 Housing's finances are contained within the A1 Housing Business Plan 2011/12. Over the next few years A1 is looking to increase the range of activities undertaken and income to the organisation. The Business Plan identifies that we need to develop new business income streams as the Decent Homes programme reduces. The key areas are expanding the Branching Out Service to include private sector, undertaking adaptations, painting and undertaking minor handyman activities in addition to the current grounds maintenance work. Our Service Delivery Plan 2011/12 identifies that we are aiming to improve all existing services to our tenants and also looking to expand the range of services offered to tenants, other landlords and RSLs within the district. We will also be working towards A1 becoming the permanent delivery agent for a Home Improvement Agency.

#### MAJOR RISKS AND UNCERTAINTIES

The roles and responsibilities on how risks are managed and reviewed are set out in the Risk Strategy which was reviewed in 2010. A revised risk register is reported to both Board and Finance and Organisational Health Champions Group on a quarterly basis. The register has been adapted to show the residual risk after taking into account control measures that have been put in place. Also a Strategic Management Group has been set up by the Corporate Management Team to identify risks and take necessary actions to resolve them. Internal Audit reviewed the process etc. and gave risk management the best assurance level of green.

The five areas that are showing a risk of high impact and likelihood (before actions put in place to manage the risks) are:

- Government Spending Review
- Significant disruption to IT services
- Change in Government Policy on future of ALMOs
- Housing Finance changes
- Political/Business changes

Control measures are in place within the risk register to mitigate the impact and/or likelihood of each risk

#### EQUALITY AND DIVERSITY

A1 Housing has obtained the Jobcentre Plus 'Positive about Disabled People' accreditation; this shows that we are committed to employing disabled people. The National Centre for Diversity confirmed that A1 Housing meets the Level 2 of the Investors in Diversity accreditation. During the Investors in Diversity process they have identified our Equality and Diversity Strategy, Annual Report, Single Equality Scheme and Equality and Diversity Guidance for Employees as areas of best practice which they will be sharing with other organisations.

#### EMPLOYEE CONSULTATION

A1 Housing has an Internal Communication Strategy that provides the framework for all staff. It recognises that people are the most valuable asset for A1 Housing. It is through people that we are able to deliver services and develop a relationship with customers and stakeholders. Effective communication at all levels, within teams, between teams and between staff and managers is crucial in making this happen efficiently. The key principles for this policy are;

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### DIRECTORS' REPORT (continued)

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#### EMPLOYEE CONSULTATION (continued)

1. Effective communication is designed to support our vision, key long-term aims and corporate objectives
2. Effective communication will improve service delivery to both internal and external customers
3. Effective communication will support A1 Housing employees
4. Effective communication will start at the top

The policy shows the variety of ways we communicate as an organisation and the various number of channels that can be used to deliver messages. Because we have an adaptable and varied number of channels, we can choose the most effective communication method for the information we want to share. There are three basic ways to share information and each has a number of options that can be considered, these are;

#### **Face to Face:**

- CMT Roadshows
- Staff meetings/Team briefings
- Performance appraisals and one to ones
- Informal meetings
- Telephone communication

#### **Electronic:**

- Intranet
- Email
- Shared drives

#### **Written:**

- Noticeboards
- Surveys
- Team briefs
- Memos
- Letters
- Posters
- Leaflets
- Internal newsletters

#### ENVIRONMENTAL POLICY

A1 Housing Bassetlaw Ltd realises its responsibilities towards the environment and as such shall, wherever possible, take all reasonable actions to minimise its impact on the environment. A1 Housing Bassetlaw Ltd is committed to the prevention of pollution and the promotion of sustainable practices. The company holds ISO 14001 for Environmental Management and expects suppliers of procured services to evidence that they possess, or are working towards, this standard. A1 Housing is also signed up to the Bassetlaw Fair Trade agreement in conjunction with Bassetlaw District Council and local employers.

#### DIRECTORS

The following directors have held office from 1 April 2010:

		Date of appointment	Date resigned
Michael Bowskill (Chair)	Independent Member	28 October 2004	
Councillor Anthony Tromans	Council Member	16 September 2004	
Councillor Raymond Simpson	Council Member	27 February 2008	
Councillor Clifford Entwistle	Council Member	23 September 2008	14 June 2010
Councillor Carolyn Troop	Council Member	01 July 2009	
Councillor David Hare	Council Member	28 July 2009	
Councillor Josie Potts	Council Member	15 June 2010	

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### DIRECTORS' REPORT (continued)

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DIRECTORS (continued)

		Date of appointment	Date resigned
Heather McMillan	Tenant Member	15 December 2005	
Brian Bailey (Vice-Chair)	Tenant Member	26 September 2006	
Richard Underwood	Tenant Member	26 September 2006	
William R Waddell	Tenant Member	26 September 2006	1 September 2010
Roy Hewitt	Tenant Member	22 September 2009	
Barbara Boyfield	Tenant Member	15 October 2010	
Caroline Mason	Independent Member	28 October 2004	
Denise Colton	Independent Member	23 September 2008	
Janet Coyne	Independent Member	23 September 2008	
Peter Wilson	Independent Member	22 September 2009	

#### DIRECTORS RETIRING BY ROTATION

Under clause 16(1) of the Articles of Association, at the fifth AGM held on the 21st September 2010, one Independent Board Member and one Tenant Board Member were required to retire.

The Independent Board Member who retired was Michael Bowskill.

Michael Bowskill was re-appointed.

The Tenant Board Member who retired was William Waddell.

Barbara Boyfield filled the vacancy for Tenant Board Member BATRA.

Following the resignation of Council Board Member Clifford Entwistle on 14 June 2010, Councillor Josie Potts was appointed to this post on 15 June 2010 in line with the 'Casual Vacancy' rules.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were in office on the date of approval of these statements have confirmed, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

#### AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants as auditor will be put to the Board at the Annual General Meeting.

By order of the Board

M Bowskill  
Chairman

20 September 2011

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company 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 company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### STATEMENT ON CORPORATE GOVERNANCE

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#### STATEMENT ON INTERNAL CONTROL

The Board acknowledge its ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- ◆ The reliability of financial information used within the Company or for publication;
- ◆ The maintenance of proper accounting records; and
- ◆ The safeguarding of assets against unauthorised use or disposal.

The systems of internal control can only provide reasonable and not absolute assurance against material misstatements or loss. The system of internal control includes the following key elements:

- ◆ Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls, maintaining proper accounts and restrict the unauthorised use of the Company's assets;
- ◆ Experienced and suitably qualified staff to take responsibility for important business functions. Annual business planning and performance development appraisal with employees are in place to maintain standards of performance;
- ◆ Internal audit to undertake regular reviews on the effectiveness of internal controls. Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit has provided reasonable assurance that the Company has adequate and effective governance, risk management and internal control processes;
- ◆ A risk management framework in which priority risks are managed and reviewed by the Corporate Management Team and monitored by the Board;
- ◆ Forecasts and budgets are prepared which monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- ◆ All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board and Corporate Management Team of the Company;
- ◆ The Board receives the external auditors report. Among other things this provides reasonable assurance that control procedures are in place and being followed. The internal audit programme is in place to review, appraise and report upon the adequacy of internal controls. Any actions necessary to correct any weaknesses identified by internal or external audits are incorporated within the service plan that is agreed by the Board. This is monitored by the Audit Committee of the Board; and
- ◆ A full range of insurance including Fidelity Guarantee has been put in place to safeguard assets.
- ◆ During the period management has received regular reports from the Internal Audit Service covering the effectiveness of the systems of operational and financial controls. On behalf of the Board, the Corporate Management Team has reviewed the effectiveness of systems of internal control in existence for the period ended 31 March 2011. No weaknesses were found in the internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements. The Board is satisfied that this remains the case up to the signing of these documents.

# A1 Housing Bassetlaw Limited Company Limited by Guarantee

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A1 HOUSING BASSETLAW LIMITED

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We have audited the financial statements on pages 11 to 36. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

PAUL OXTOBY (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

30 September 2011

A1 Housing Bassetlaw Limited  
Company Limited by Guarantee  
INCOME STATEMENT  
for the year to 31 March 2011

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	<i>Notes</i>	2011 £'000	2010 £'000
REVENUE	3	14,342	14,716
Operating Costs		(12,516)	(14,216)
		<hr/>	<hr/>
PROFIT FROM OPERATIONS	5	1,826	500
Finance costs	6	(288)	(341)
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		1,538	159
Income tax expense	8	-	-
		<hr/>	<hr/>
PROFIT FOR THE YEAR	14	1,538	159
		<hr/> <hr/>	<hr/> <hr/>

The profit from operations for the year arises from the Company's continuing operations.

The profit for the year is entirely attributable to its sole member (note 13).

A1 Housing Bassetlaw Limited  
Company Limited by Guarantee  
STATEMENT OF COMPREHENSIVE INCOME  
for the year to 31 March 2011

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	<i>Notes</i>	2011 £'000	2010 £'000
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Profit for the year		1,538	159
Actuarial gains and losses on defined benefit obligations	17	4,070	(5,103)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,608</u>	<u>(4,944)</u>

The total comprehensive income for the year is entirely attributable to its sole member (note 13).

A1 Housing Bassetlaw Limited  
 Company Limited by Guarantee  
 STATEMENT OF CHANGES IN EQUITY

	Retained Earnings	Retained Earnings
	£'000	£'000
BALANCE AT 1 APRIL 2009		(4,633)
Profit for the year	159	
Other comprehensive income, net of tax:		
Actuarial losses on defined benefit obligations	(5,103)	
	<hr/>	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(4,944)
		<hr/>
BALANCE AT 31 MARCH 2010		(9,577)
Profit for the year	1,538	
Other comprehensive income, net of tax:		
Actuarial gains on defined benefit obligations	4,070	
	<hr/>	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,608
		<hr/>
BALANCE AT 31 MARCH 2011		(3,969)
		<hr/> <hr/>

# A1 Housing Bassetlaw Limited Company Limited by Guarantee

## BALANCE SHEET

31 March 2011

Company Registration No: 5233802

	<i>Notes</i>	2011 £'000	2010 £'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	10	79	80
Trade and other receivables	11	1,773	1,488
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>1,852</b>	<b>1,568</b>
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	(1,464)	(1,280)
		<hr/>	<hr/>
<b>NON CURRENT LIABILITIES</b>			
Retirement benefit obligations	17	(4,357)	(9,865)
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>(5,821)</b>	<b>(11,145)</b>
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		<b>(3,969)</b>	<b>(9,577)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Retained earnings excluding pension liability	14	388	288
Pension reserve	14	(4,357)	(9,865)
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>	14	<b>(3,969)</b>	<b>(9,577)</b>
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 11 to 36 were approved by the Board and authorised for issue on 20 September 2011 and are signed on its behalf by:

M Bowskill  
Chairman

A1 Housing Bassetlaw Limited  
Company Limited by Guarantee  
STATEMENT OF CASH FLOWS  
for the year to 31 March 2011

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	<i>Notes</i>	2011 £'000	2010 £'000
OPERATING ACTIVITIES			
Cash generated from operations	15	-	-
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		-	-
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15	-	-
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	-	-
		<hr/> <hr/>	<hr/> <hr/>

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### SIGNIFICANT ACCOUNTING POLICIES

for the year to 31 March 2011

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#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards.

These financial statements are the first published financial statements of A1 Housing Bassetlaw Limited prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements of A1 Housing Bassetlaw Limited were previously prepared in accordance with UK GAAP.

Some of the IFRS recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP. Consequently, the directors have amended certain accounting policies to comply with IFRS.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of IFRS permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards'

Reconciliations and descriptions of the effect of the transition to IFRS on the company equity and the company total comprehensive income previously reported under UK GAAP are given in note 19.

#### REVENUE RECOGNITION

Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from services is recognised on a time-apportioned basis by reference to the provision of services set out in the Management Agreement.

Sales of goods are recognised when goods are delivered and title has passed. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer.

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### INVENTORIES

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct material costs and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using actual costs in most circumstances. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

#### LEASES

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged against profit or loss on a straight line basis over the period of the lease.

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### SIGNIFICANT ACCOUNTING POLICIES

for the year to 31 March 2011

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#### PENSION CONTRIBUTIONS

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.

Actuarial gains and losses arising are recognised directly in other comprehensive income in the period in which they arise. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in profit or loss.

During 2010/11 the scheme has been amended so that the future pension increases would be based on the Consumer Price Index, as opposed to the Retail Price Index. This amendment has been treated as a change in scheme rules, with the effect of the change being shown in the Income Statement.

An asset or liability is recognised equal to the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

#### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

#### OPERATING SEGMENTS

The Company has adopted IFRS 8 'Operating Segments' during the year. IFRS 8 provides segmental information for the Company on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Company considers that the role of chief operating decision-maker is performed by the Company's Board of Directors. The adoption of IFRS 8 has not had any impact on the performance or position of the entity and all results are reported as a single segment.

#### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument.

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### SIGNIFICANT ACCOUNTING POLICIES

for the year to 31 March 2011

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#### FINANCIAL INSTRUMENTS (continued)

##### **Financial assets**

###### *Trade receivables*

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in profit or loss.

##### **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

###### *Trade payables*

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

#### ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union.

##### **Standards adopted early by the Company**

The Company has not adopted any standards or interpretations early in either the current or the preceding financial year.

##### **Standards issued but not yet effective**

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 (Amendment)	First-time Adoption of IFRS – Amendment; Limited Exemption from comparative IFRS 17 Disclosures for First-time adopters.
IAS 24 (Revised)	Revised IAS 24 Related Party Disclosures
IFRS 7 (Amendment)	Financial Instruments: Disclosures – Amendments; Disclosures – Transfers of Financial Assets
IFRS 1 (Amendment)	First-time Adoption of IFRS – Amendment; Severe Hyperinflation and removal of Fixed Dates for First-Time Adopters
IAS 12 (Amendment)	Income Taxes – Amendment; Deferred Tax: Recovery of Underlying Assets
IFRS 9	Financial Instruments
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IFRIC 14 (Amendment)	Prepayments of a minimum funding requirement

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company when the relevant standards and interpretations come into effect.

There were also a number of improvements to standards that have been issued on 6 May 2010 but not yet effective.

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### NOTES TO THE FINANCIAL STATEMENTS

for the year to 31 March 2011

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#### 1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- the assumptions underpinning the pension scheme valuation assumptions – see note 17 for details of the sensitivities on key assumptions;

##### *Critical areas of judgement*

There are no critical judgements, apart for those involving estimations (see above), that the Directors have made in the process of applying the entity's accounting policies and that have a significant effect on the amounts recognised in the financial statements:

#### 2 FINANCIAL RISK MANAGEMENT

The roles and responsibilities on how risks are managed and reviewed are set out in the Risk Strategy which was reviewed in 2010. A revised risk register is reported to both Board and Finance and Organisational Health Champions Group on a quarterly basis. The register has been adapted to show the residual risk after taking into account control measures that have been put in place. Also a Strategic Management Group has been set up by the Corporate Management Team to identify risks and take necessary actions to resolve them. Internal Audit reviewed the process etc. and gave risk management the best assurance level of green.

The five areas that are showing a risk of high impact and likelihood (before actions put in place to manage the risks) are:

- Government Spending Review
- Significant disruption to IT services
- Change in Government Policy on future of ALMOs
- Housing Finance changes
- Political/Business changes

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### NOTES TO THE FINANCIAL STATEMENTS

for the year to 31 March 2011

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#### 2 FINANCIAL RISK MANAGEMENT (continued)

##### **Liquidity risk and credit risk**

Management's objective is to meet its liabilities as they fall due whilst maintaining sufficient headroom to enable the Board to react to unexpected changes in market conditions. The Company is largely dependent on its largest customer, the Bassetlaw District Council ("the Council"), which represents 97% (2010: 97%) of its revenue in order to maintain the necessary cash headroom to operate effectively.

The Management fee from the Council is receivable monthly by A1 Housing Bassetlaw Limited. The Company's finance team assesses its cash flow requirements by reference to the annual budget and monthly management accounts and review of the cash position daily and places surplus funds on deposit with the Council. The Council pools the Company's funds and manages this under a service level agreement.

A1 Housing Bassetlaw Limited is exposed to liquidity and credit risk principally in the event that the Council were to experience cash flow difficulties in paying A1 Housing Bassetlaw Limited its management charge monthly or in returning the funds that the company has deposited with it.

Credit risk predominantly arises from trade and other receivables (principally the Council).

##### **Maturity analysis**

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at the reporting date up to the contractual maturity date.

Liabilities - 2011	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,464	-	-	-	1,464

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# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### NOTES TO THE FINANCIAL STATEMENTS

for the year to 31 March 2011

#### 2 FINANCIAL RISK MANAGEMENT (continued)

The table below analyses the Company's financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

Assets – 2011	Within 6 months £'000	6 months – 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other receivables	1,574	-	-	-	1,574

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Liabilities - 2010	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,280	-	-	-	1,280

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Assets - 2010	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other receivables	1,416	-	-	-	1,416

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

#### Interest rate risk

All of the company's financial assets and liabilities are non-interest bearing in both 2010 and 2011.

#### Credit risk

The Company's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value as disclosed below. All financial assets have a fair value which is equal to their carrying value.

	2011 £'000	2010 £'000
<i>Maximum exposure to credit risk</i>		
Trade and other receivables:		
- Council	1,436	1,272
- Other	138	144
	<u>1,574</u>	<u>1,416</u>

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### NOTES TO THE FINANCIAL STATEMENTS

for the year to 31 March 2011

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#### 2 FINANCIAL RISK MANAGEMENT (continued)

##### **Capital management**

The Company's main objective when managing capital is to ensure that it maintains sufficient capital to ensure that the Council's tenants continue to receive an excellent housing management service from the Company. The level of management fee agreed with the Council annually in respect of the Management Agreement and the Company's level of operating efficiency are the principal determinants of the level of equity that the Company is able to retain. As a company limited by guarantee, the only equity / capital of the Company is represented by its retained earnings reserves.

The Company has no debt.

The Company does not have any externally imposed capital requirements and has not made any changes to its capital management during the year.

A1 Housing Bassetlaw Limited as a not for profit organisation is not driven to make a surplus but for fulfilment of the Company priorities. Following the establishment of the Company as part of the Management Agreement the Company has to provide for all its own risks and costs of inflation, single status and modernisation. The retained earnings reserve provides cover for these and also for known risks and unforeseen events and this is important for the future viability of the Company.

#### 3 REVENUE

Sales were made wholly within the United Kingdom and derived from the Company's principal activity of housing management.

#### 4 SEGMENT INFORMATION

Under IFRS 8, the Company considers it has one segment. It generates 97% (2010: 97 %) of its total revenues from its largest customer, the Council, of £13.91m (2010: £14.35m).

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year to 31 March 2011

5	PROFIT FROM OPERATIONS	2011	2010
		£'000	£'000
	Profit from operations is stated after charging/(crediting):		
	Change in inventory	(1)	1
	Auditor's fees:		
	On audit services	17	14
	On taxation	1	1
	Rentals under operating leases	322	256
		<u>          </u>	<u>          </u>

The following table analyses the nature of expenses:

	2011	2010
	£'000	£'000
Staff related costs	6,219	5,423
Goods and services supplied by Bassetlaw DC	1,908	1,815
Building repair service materials	933	1,219
Supplier and service costs	1,118	1,284
Contractor payments	3,702	3,671
Other costs	850	804
	<u>          </u>	<u>          </u>
Total expenditure before exceptional items	14,730	14,216
Exceptional items charged;		
Pension - past service gain	(2,214)	-
	<u>          </u>	<u>          </u>
Total expenditure	12,516	14,216
	<u>          </u>	<u>          </u>

During 2010/11 the pensions scheme was amended where future pension increases would be based on the Consumer Price Index as opposed to the Retail Price Index. The effect of the change has been a credit to the Income Statement of £2,214,000.

No interest was generated on impaired financial assets in either the current or preceding financial years.

During the year, the Company impaired certain financial assets classified as loans and receivables. Details are provided in note 11.

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year to 31 March 2011

6	FINANCE COSTS	2011 £'000	2010 £'000
	Other interest payable – pension scheme	288	341
		<u>          </u>	<u>          </u>
7	STAFF COSTS	2011 No.	2010 No.
	The average monthly number of persons employed by the Company during the period was:		
	Technical housing services	128	129
	Strategy and change services	51	56
	Corporate services	22	20
	Trading Concerns	7	-
	Directors	14	14
		<u>          </u>	<u>          </u>
		222	219
		<u>          </u>	<u>          </u>
		2011 £'000	2010 £'000
	Wages and salaries	4,675	4,676
	Social security costs	348	338
	Other pension costs	1,071	358
	Modernisation and redundancy costs	36	6
		<u>          </u>	<u>          </u>
	Total expenditure before exceptional items	6,130	5,378
	Pension – past service gain (Note 5)	(2,214)	-
		<u>          </u>	<u>          </u>
		3,916	5,378
		<u>          </u>	<u>          </u>

The remuneration paid to the Directors of the Company (including pension contributions and benefits in kind) for management services was £Nil (2010: £Nil). The total of Directors' pension contributions was £Nil (2010: £Nil).

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year to 31 March 2011

8	TAXATION	2011 £'000	2010 £'000
	Analysis of charge in year:		
	Current tax:		
	UK – Current year	-	-
	UK – Adjustments in respect of prior periods	-	-
		<u>          </u>	<u>          </u>
	Current tax reconciliation:		
	The tax assessed for the years differ from the standard rate of corporation tax as follows:		
	Profit before tax	1,538	159
		<u>          </u>	<u>          </u>
	Tax at the rate of corporation tax 21% (2010: 21%)	323	33
	Effect of non-trading activities with member not subject to corporation tax	(323)	(33)
		<u>          </u>	<u>          </u>
		-	-
		<u>          </u>	<u>          </u>

The Company is a wholly owned subsidiary of Bassetlaw District Council and the majority of income is derived from services provided to the Council. HM Revenue and Customs has confirmed that transactions between ALMOs and their Councils do not amount to trading and, accordingly, any surplus or deficit arising thereon is outside the scope of corporation tax. As a result of this, the effective rate of tax is Nil% (2010: Nil% ), which is lower than the standard UK rate of 21%.

9 FINANCIAL INSTRUMENTS

**2011**

**Current financial assets**

Trade and other receivables

Loans and  
receivables  
£'000

1,574

**2011**

**Current financial liabilities**

Trade and other payables

Trade and  
other  
payables  
£'000

1,464

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
NOTES TO THE FINANCIAL STATEMENTS  
for the year to 31 March 2011

9 FINANCIAL INSTRUMENTS (continued)

**2010**

	Loans and receivables £'000
<b>Current financial assets</b>	
Trade and other receivables	1,416

**2010**

	Trade and other payables £'000
<b>Current financial liabilities</b>	
Trade and other payables	1,280

10	INVENTORIES	2011 £'000	2010 £'000
	Raw materials and consumables	79	80

Raw materials set out above are carried at the lower of average cost and net realisable value.

£2,000 of inventories were written down in 2011 and 2010. No earlier inventory write-downs were reversed during the current or preceding years.

11	TRADE AND OTHER RECEIVABLES	2011 £'000	2010 £'000
	Trade receivables	79	99
	Amounts due from Bassetlaw District Council - cash on deposit	1,144	909
	- other receivables	292	363
	Other receivables	59	45
	Prepayments and accrued income	199	72
		1,773	1,488

The average credit period taken on provision of services is 35 days (2010: 32 days).

An impairment review has been undertaken at the year end to assess whether the carrying amount of financial assets is deemed recoverable. The primary credit risk relates to amounts due outside of their credit period. A provision for impairment is made when there is objective evidence of impairment which is usually indicated by a delay in the expected cash flows or non payment from customers. As at 31 March 2011 £44,000 (2010: £33,000) of trade receivables were impaired in relation to customers who are known to be in financial difficulty and from whom payment was over due by more than three months. No provision for impairment has been made against any amounts due from the Council at 31 March 2011 or 2010.

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
NOTES TO THE FINANCIAL STATEMENTS  
for the year to 31 March 2011

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11 TRADE AND OTHER RECEIVABLES (continued)

The following table provides analysis of trade and other receivables (including amounts due from the Council) that were past due at 31 March, but not impaired. The Company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2011 £'000	2010 £'000
Up to three months	6	10
Up to six months	18	12
	24	22

The movement in the allowance account was as follows:

	2011 £'000	2010 £'000
Opening balance as at 1 April	(33)	(52)
Provision for receivables impairment	(44)	(33)
Receivables written off during the year	33	52
	(44)	(33)
Closing balance as at 31 March	(44)	(33)

12 TRADE AND OTHER PAYABLES

2011 £'000	2010 £'000
---------------	---------------

Trade and other payables are as follows:

Amounts payable relating to invoiced amounts	4	68
Amounts due to Bassetlaw District Council	114	162
Other tax and social security costs	440	311
Accruals	906	739
	1,464	1,280
	1,464	1,280

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 11 days (2010: 16 days).

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

13 COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee, incorporated in the United Kingdom, and is governed by its memorandum and articles of association. The guarantor is its sole member, Bassetlaw District Council, (see note 18) is listed in the Company's Register of Members. The liabilities in respect of the guarantee are set out in the memorandum of association and are limited to £1 per member of the Company.

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
NOTES TO THE FINANCIAL STATEMENTS  
for the year to 31 March 2011

14	RESERVES	2011 £'000	2010 £'000
	Retained Earnings – 1 April	(9,577)	(4,633)
	Retained profit for the year	1,538	159
	Actuarial gain/(loss) (note 17)	4,070	(5,103)
		<hr/>	<hr/>
	At 31 March	(3,969)	(9,577)
		<hr/> <hr/>	<hr/> <hr/>
		2011 £'000	2010 £'000
	Analysed as:		
	Profit and loss reserve (excluding pension liability)	388	288
	Pension deficit	(4,357)	(9,865)
		<hr/>	<hr/>
		(3,969)	(9,577)
		<hr/> <hr/>	<hr/> <hr/>
15	CASH FLOWS	2011 £'000	2010 £'000
	Reconciliation of profit from operations to net cash generated from operating activities		
	Profit from operations	1,826	500
	Pension contributions paid in period	(583)	(563)
	Pension contributions charged in the period	(1,143)	358
	Decrease in stock	1	1
	(Increase)/decrease in debtors	(285)	227
	Increase/(decrease) in creditors	184	(523)
		<hr/>	<hr/>
	Net cash inflow from operating activities	-	-
		<hr/> <hr/>	<hr/> <hr/>

Principal non-cash transactions are the pension service gain of £2,214,000 (2010: £Nil) as stated in note 5.

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
NOTES TO THE FINANCIAL STATEMENTS  
for the year to 31 March 2011

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16	COMMITMENTS UNDER OPERATING LEASES	Land and buildings 2011 £'000	Land and buildings 2010 £'000	Plant and machinery 2011 £'000	Plant and machinery 2010 £'000
	The Company had the following aggregate commitments under non-cancellable operating leases:				
	Expiry of lease:				
	Within 1 year	-	-	-	175
	Between 2 – 5 years	841	1,079	144	23
		<u>841</u>	<u>1,079</u>	<u>144</u>	<u>198</u>
		<u><u>841</u></u>	<u><u>1,079</u></u>	<u><u>144</u></u>	<u><u>198</u></u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for an average term of four years and rentals are fixed for an average of two years.

17 RETIREMENT BENEFIT OBLIGATIONS

**Defined benefit plan**

The Company is a scheduled member into the Local Government Pension Scheme. This is a funded defined benefit scheme. Employees are eligible to join the Local Government Pension Scheme subject to certain qualifying criteria. The pension costs that are charged to the Company's accounts in respect of those employees are equal to contributions paid to the fully funded benefit pension scheme.

The agreed employer's contribution rate is 13.5% (2010: 13.5%) of pensionable earnings. This rate will increase to 16.5% from 1 April 2011. The employees' contribution rate is tiered starting at 5.5% for employees earning below £12,600 and raising to 7.5% for employees earning over £78,700.

The pension contributions made by the Company for the year were £583,000 (2010: £563,000).

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The date of the last full valuation was 31 March 2010.

At the year end there were outstanding contributions of £68,716 (2010: £67,883), included within Accruals in Note 12.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2011 for the purposes of the IAS 19 valuation for inclusion in these financial statements by prepared by a registered actuary engaged by Barnett Waddingham. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
NOTES TO THE FINANCIAL STATEMENTS  
for the year to 31 March 2011

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

Key assumptions used:	Valuation at	
	2011	2010
	%	%
Discount rate	5.5	5.5
Rate of RPI inflation	3.5	3.9
Rate of CPI inflation	2.7	-
Expected rate of salary increases	5.0	5.4
Future pension increases	2.7	3.9

Mortality rate assumptions are based on publicly available data in the UK. The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2011	2010
Male	18.5	20.30
Female	22.6	23.91

The average life expectancy for a pensioner retiring at 65, aged 45 at the reporting date:

Male	20.5	21.22
Female	24.5	24.91

The sensitivity of the overall impact on pension liabilities/assets to changes in the weighted principal assumptions is as follows:

	Change in assumption	Overall impact on liability
Discount rate	Increase by 0.1%	Decrease by £577,000
Rate of mortality	Increase by 1 year	Decrease by £859,000

Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:

	2011	2010
	£'000	£'000
Current service cost	(1,050)	(358)
Interest cost	(1,410)	(1,149)
Expected return on scheme assets (interest)	1,122	808
Past service gain	2,214	-
Curtailments	(21)	-
	<u>855</u>	<u>(699)</u>

Of the surplus for the year, £1,143,000 (2010: £358,000) has been included in costs of sales and (£288,000) (2010: (£341,000)) in finance costs.

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
NOTES TO THE FINANCIAL STATEMENTS  
for the year to 31 March 2011

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17 RETIREMENT BENEFIT OBLIGATIONS (continued)

Actuarial gains and losses are reported in the Statement of Comprehensive Income. The gain recognised in 2011 was £4,070,000 (2010: (£5,103,000)), and the cumulative loss is £5,133,000 (2010: £9,203,000).

The actual return on scheme assets was £1,309,000 (2010: £4,179,000).

The amounts included in the Balance Sheet arising from the Company's obligation in respect of defined benefit retirement schemes is as follows:

	2011 £'000	2010 £'000
Fair value of scheme assets	17,824	17,064
Present value of defined benefit obligations	(22,181)	(26,929)
Deficit in scheme	(4,357)	(9,865)
Liability recognised in balance sheet	(4,357)	(9,865)

All of the defined benefit plan obligations relate to funded schemes.

Analysis for reporting purposes:

	2011 £'000	2010 £'000
Non-current liabilities	4,357	9,865

Movements in the present value of defined benefit obligations in the current period were as follows:

	2011 £'000	2010 £'000
At 1 April	26,929	16,988
Current service cost	1,050	358
Negative past service costs	(2,214)	-
Interest cost	1,410	1,149
Actuarial (gains) and losses	(4,756)	8,475
Contributions by plan participants	264	256
Benefits paid	(523)	(297)
Gains and losses on curtailments	21	-
At 31 March	22,181	26,929

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
NOTES TO THE FINANCIAL STATEMENTS  
for the year to 31 March 2011

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

Movements in the fair value of scheme assets in the current period were as follows:

	2011 £'000	2010 £'000
At 1 January	17,064	12,362
Expected return on scheme assets	1,122	808
Actuarial gains and losses	(686)	3,372
Employer contributions	583	563
Employee contributions	264	256
Benefits paid	(523)	(297)
	<u>17,824</u>	<u>17,064</u>
At 31 December		

The analysis of the scheme assets and the expected rate of return at the reporting date were as follows:

	Expected return %		Fair value of assets £'000	
	2011	2010	2011	2010
Equity instruments	7.3%	7.4%	13,011	11,603
Debt instruments:				
- Government bonds	4.4%	4.5%	1,248	1,536
- Other bonds	5.5%	5.5%	713	1,024
Property	6.8%	6.9%	2,139	2,560
Cash liquidity	3.0%	3.0%	713	341
			<u>17,824</u>	<u>17,064</u>

The expected rates of return on categories of plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The five year history of experience adjustments are as follows:

£'000	2011	2010	2009	2008	2007
Present value of defined benefit obligations	(22,181)	(26,929)	(16,988)	(19,296)	(16,969)
Fair value of scheme assets	<u>17,824</u>	<u>17,064</u>	<u>12,362</u>	<u>14,674</u>	<u>14,470</u>
Surplus/(deficit) in scheme	<u>(4,357)</u>	<u>(9,865)</u>	<u>(4,626)</u>	<u>(4,622)</u>	<u>(2,499)</u>
Experience adjustments on scheme liabilities	(675)	14	-	(96)	-
Experience adjustments on scheme assets	<u>686</u>	<u>(3,372)</u>	<u>3,863</u>	<u>(1,605)</u>	<u>300</u>

The estimated amounts of contributions expected to be paid to the scheme during the financial year ending 31 March 2012 is £624,000.

# A1 Housing Bassetlaw Limited

## Company Limited by Guarantee

### NOTES TO THE FINANCIAL STATEMENTS

for the year to 31 March 2011

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#### 18 RELATED PARTY TRANSACTIONS

The Company's parent, ultimate parent and controlling party is Bassetlaw District Council ("the Council"). The Company is an Arms Length Management Organisation from the ultimate parent to run the management and maintenance function of the Council's homes and other buildings.

During the year, the Company supplied goods and services to the Council totalling £13,912,936 (2010: £14,353,667) and purchased goods and services from the Council totalling £1,907,801 (2010: £1,814,980).

At 31 March 2011, included in receivables is a total amount due from the Council of £1,436,118 (2010: £1,271,901) and included in payables is a total amount due to the Council of £113,945 (2010: £162,470). The net balance due from the Council to the Company was £1,322,174 (2010: £1,109,430).

The amounts outstanding are unsecured, carry or bear no interest and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

#### Remuneration of key management personnel

The directors of the Company receive no remuneration. The remuneration of key management personnel of the Company, which is defined as the Corporate Management Team, is set out below in aggregate.

	2011 £'000	2010 £'000
Short-term employee benefits	291	285
Post-employment benefits	67	22
	<hr/>	<hr/>
	358	307
	<hr/>	<hr/>

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year to 31 March 2011

19 IFRS TRANSITION DISCLOSURES

RECONCILIATION OF COMPANY EQUITY AT 1 APRIL 2009

	NOTES	UK GAAP as previously reported £'000	Effect of transition to IFRS £'000	IFRS £'000
<b>ASSETS</b>				
<b>Current assets</b>				
Inventories		81	-	81
Trade and other receivables		1,715	-	1,715
<b>TOTAL ASSETS</b>		1,796	-	1,796
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		(1,803)	-	(1,803)
<b>Non-current liabilities</b>				
Retirement benefit obligations		(4,626)	-	(4,626)
<b>TOTAL LIABILITIES</b>		(6,429)	-	(6,429)
<b>NET LIABILITIES</b>		(4,633)	-	(4,633)
	NOTES	UK GAAP as previously reported £'000	Effect of transition to IFRS £'000	IFRS £'000
<b>EQUITY</b>				
Retained earnings		(4,633)	-	(4,633)
<b>TOTAL EQUITY (ATTRIBUTABLE TO THE COUNCIL)</b>		(4,633)	-	(4,633)

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year to 31 March 2011**

19 IFRS TRANSITION DISCLOSURES (continued)

RECONCILIATION OF COMPANY EQUITY AT 31 MARCH 2010

	NOTES	UK GAAP as previously reported £'000	Effect of transition to IFRS £'000	IFRS £'000
<b>ASSETS</b>				
<b>Current assets</b>				
Inventories		80	-	80
Trade and other receivables		1,488	-	1,488
<b>TOTAL ASSETS</b>		1,568	-	1,568
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		(1,280)	-	(1,280)
<b>Non-current liabilities</b>				
Retirement benefit obligations		(9,865)	-	(9,865)
<b>TOTAL LIABILITIES</b>		(11,145)	-	(11,145)
<b>NET LIABILITIES</b>		(9,577)	-	(9,577)

	NOTES	UK GAAP as previously reported £'000	Effect of transition to IFRS £'000	IFRS £'000
<b>EQUITY</b>				
Retained earnings		(9,577)	-	(9,577)
<b>TOTAL EQUITY (ATTRIBUTABLE TO THE COUNCIL)</b>		(9,577)	-	(9,577)

**A1 Housing Bassetlaw Limited**  
**Company Limited by Guarantee**  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year to 31 March 2011

RECONCILIATION OF COMPANY INCOME STATEMENT AND STATEMENT OF  
 COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2010

NOTES	UK GAAP as previously reported £'000	Effect of transition to IFRS £'000	IFRS £'000
Revenue	14,814	-	14,814
Operating costs	(14,314)	-	(14,314)
Profit from operations	500	-	500
Finance costs	(341)	-	(341)
<b>Profit before tax</b>	159	-	159
Income tax expense	-	-	-
<b>Profit after tax and for the year</b>	159	-	159
<b>Statement of comprehensive income</b>			
Profit for the year	159	-	159
Other comprehensive income, net of tax:			
Actuarial gains and losses on defined benefit obligations	(5,103)	-	(5,103)
<b>Total comprehensive income for the year attributable to the Council</b>	(4,944)	-	(4,944)

**Impact on Equity, Comprehensive Income and cash flows**

There has been no impact on Equity, Total Comprehensive Income and cash flows as a result of the transition from UKGAAP to IFRS.