

COMPANY NO: 1089026
CHARITY NO: 502224
TENANT SERVICES AUTHORITY NO: H3158

St Anne's Community Services

Report and financial statements

Year ended 31 March 2012



ST ANNE'S COMMUNITY SERVICES

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COMPANY INFORMATION

Board	Ms S Saunders (Chairman) Mrs A Legg (Deputy Chairman) Mr A Akbor Mr B Craven Mr S Durham Ms L Jackson Mr P Jones Mr M Ludlum Mr T Moran Mr M Morgan Mr D Rigby Mr P Shillito Mr J Tait
Senior Management Team	
Chief Executive	Mrs J Robinson
Finance Director and Deputy Chief Executive	Mrs J A Micklethwaite
Director of Governance and Company Secretary	Mr H J Baczkowski
Director of Workforce Development and Communication	Mrs S Carr
Director of Operations	Mrs K Newsome
Registered office	6 St Mark's Avenue Leeds LS2 9BN
Registered number	1089026
Charity Commission	502224
Tenant Services Authority	H3158
Auditors	Grant Thornton UK LLP No1 Whitehall Riverside Leeds LS1 4BN
Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB
Solicitors	Cobbetts LLP No1 Whitehall Riverside Leeds LS1 4BN

REPORT OF THE CHIEF EXECUTIVE

This year being reported on has seen the impact of funding reductions in many of our services as our funders pass on the savings required across each of the authorities in which St Anne's works. The organisation was well prepared for the impact of this potentially difficult time and as well as some services redesign we have within the year seen a number of opportunities which amongst others have seen the development of services in Bradford and Kirklees. There has been throughout the year a need to adapt our services and functions in order to respond positively to these reductions in funding and to ensure that the impact on the individuals we support has been kept to a minimum.

As we entered 2011 we launched a new three year organisational strategy 2011-2014 and a Business Plan for each year to assist us in achieving these aspirations. This report looks back at the achievements over the past financial year in the 2011-2012 Business Plan against the five strategic aims. We also look ahead to the 2012 - 2013 Business Plan which will build upon these achievements moving us towards achieving our three year Organisational Strategy. As this report is published the work of St Anne's Community Services to make a difference every day to the individuals we support and the communities in which we work continues.

We will provide high quality, personalised service which deliver measurable outcomes and positive experiences for clients:

As clients continue to be at the centre of everything the organisation sets out to achieve much of the work for this year focussed on ensuring that we can measure this. We have throughout the year reviewed all of our existing quality monitoring arrangements, began the work on establishing a client involvement framework for the whole organisation and evaluated what quality looks like in all of our activities. As we move forward into next year we have a new set of objectives which will ensure the implementation of a number of initiatives linked to 'Making it Real' which will enable us to ensure that we can consistently demonstrate the achievement of the aim.

We will develop and sustain existing services, whilst seeking out opportunities for growth and development of new services

During the year we reviewed our business development protocols to ensure they reflected current practice. We completed a review of the work that we do and the localities in which we work. The development of services continues to be from a combination of winning tenders, working constructively with commissioners and through increased referrals from a range of sources, including people purchasing their own support and we have this year seen an increase in this. We have continued to have growth in a number of areas and we also very pleased to welcome new clients and staff in Bradford for a supported living service and in Kirklees for the Carers Options Service. The focus in the coming year will be to continue with our development and also to seek out other initiatives creating an environment across the organisation that encourages new ways of working and the use where appropriate of assistive technology. We will also prioritise getting to know our new commissioners as the Primary Care Trusts cease to exist and the newly formed Clinical Commissioning Groups take up their responsibilities.

We will be an employer of choice, attracting, recruiting and retaining a high quality workforce

We were extremely proud to receive the Skills For Care accolade for the best employer of over 250 staff which was a huge achievement. We have seen an expansion to our management Development programme with the implementation of a programme for those staff who aspire to progress their career to Area Manager level. We also undertook a review of our staff benefits package and launched an employee benefits staff discount scheme which has been well received. This year has also seen the roll out of the competency framework for all staff. We successfully hosted a number of individuals who we completing the Future Jobs Fund initiative and a number of these individuals gained employment following this. During the year we commenced a proactive approach to the recruitment of volunteers and this will be further expanded in the coming year. We have continued throughout the year to recognise the achievements of staff through Top Team Awards.

We will demonstrate efficiency and value for money in all our activities:

We have been extremely pleased at the response from Managers and staff in responding positively to the financial challenges we have faced in many of our services. During the year we have reviewed our housing stock to ensure that it is fit for the future. Attendance levels have increased across the organisation and we will continue to set targets to further improve this. We have continued to review our organisational spending on the procurement of goods and have successfully re-negotiated on a number of contracts that will have a positive impact on our efficiencies. We have explored how the use of technology may help us in the future and will be further exploring this in next year's plan.

REPORT OF THE CHIEF EXECUTIVE (CONTINUED)

We will continue to strive to be a diverse and inclusive organisation:

During the year we undertook the Investors in Diversity programme to further enhance our thinking to develop a new action plan as this becomes a focus moving into next year when we will re-establish working groups across the organisation. We have also continued to focus on engagement levels across the organisation in the communities that we are part of.

Conclusion

It is pleasing to be able to look back on the many positive achievements of St Anne's as it continues to grow and develop across Yorkshire and the North East of England. We continue to demonstrate the commitment to our mission to provide quality care, support and housing services, promoting independence, opportunity and inclusion. I would like to take this opportunity to thank each and every person within St Anne's for the part they play in making St Anne's Community Services the successful organisation it is.



Julie Robinson

REPORT OF THE BOARD

The Board presents its report together with financial statements for the year ended 31 March 2012

Principal activities

St Anne's is registered as a charity, a company and a housing association and is principally engaged in providing accommodation, working with single homeless people and people with special housing needs. The Association has a subsidiary, St Anne's Trading Limited, whose principal activities are the provision of training.

Business review

A review of the year's activities and future prospects is given in the Report of the Chief Executive.

The Association generated a surplus of £2,473,000 (2011 deficit (restated) £223,000) during the year. After transfers to designated reserves an amount of £2,405,000 has been transferred to the revenue reserve (2011 transfer from the revenue reserve restated £241,000).

The Association's income and expenditure accounts and balance sheets are summarised in the following table.

For the year ended 31 March	2012	2011	2010	2009	2008	2007	2006
		Restated					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income and Expenditure account							
Turnover	34,182	33,455	33,041	31,792	33,144	32,306	30,486
Operating surplus (before FRS 17 Adjustments)	1,541	1,117	737	214	247	499	206
Surplus on sale of fixed asset investment	15	27					
Exceptional items	164	104		(396)			
Interest receivable and similar income	160	179	163	322	418	293	284
FRS 17 Adjustments	593	(1,650)	(602)	(889)	(767)	(746)	127
Surplus/ (deficit) for the year	2,473	(223)	298	(749)	(102)	46	617
Transfer (to)/from designated reserves	(53)	(6)	(51)	2,116	(135)	(22)	(158)
Transfer (to)/from Charity Fund	(15)	(12)	(10)	6	4	5	7
Transfer to/ (from) revenue reserve	2,405	(241)	237	1,373	(233)	29	466
Balance Sheet							
Tangible fixed assets	2,527	2,514	2,740	2,703	2,569	2,429	2,388
Fixed asset investments	4,806	4,710	4,367	3,346	3,236	3,128	3,050
Net current assets	7,721	5,951	4,879	5,089	5,129	4,625	3,896
Total assets less current liabilities	15,054	13,175	11,986	11,138	10,934	10,182	9,334
Loans due (over 1 year)	2	3	3	4	5	6	6
Provision for liabilities and charges	-	-	-	-	25		
Net Pension liability	14,579	7,385	24,013	6,957	8,104	3,452	5,267
Reserves - General Charity Fund	130	115	103	93	99	103	108
Investment revaluation	6	7	352	403	313	250	194
Designated	2,711	2,709	2,703	2,652	4,768	4,633	4,611
Revenue	12,205	10,341	8,825	7,986	5,724	5,190	4,415
FRS 17 pension liability	(14,579)	(7,385)	(24,013)	(6,957)	(8,104)	(3,452)	(5,267)
	15,054	13,175	11,986	11,138	10,934	10,182	9,334

REPORT OF THE BOARD (CONTINUED)

Board members

The Board members at the end of the year are listed below

Members

Ms S Saunders (Chairman)**
Mrs A Legg (Deputy Chairman) *
Mr A Akbor *
Mr B Craven
Mr S Durham
Ms L Jackson *
Mr P Jones*
Mr M Ludlum
Mr T Moran*
Mr M Morgan
Mr D Rigby**
Mr P Shillito
Mr J Tait **

Mr S Durham and Mr M Ludlum were appointed to the Board on 29 November 2011

Ms V Betton and Ms V Long resigned from the Board on 29 November 2011, Ms S Humphrey resigned on 27 March 2012 and Mr D Rigby resigned on 22 May 2012

* - denotes a member of the Audit Committee

** - denotes a member of the Remuneration Committee

NHF Code of Governance

We are pleased to report that the Association complies with the principal recommendations of the NHF Code of Governance (revised 2004)

Board

The Association's Board is limited to 20 members including co-optees

The Board has introduced processes for annual appraisal of its own performance, both in a collective and an individual basis. In line with NHF recommendations it will continue to review its membership to ensure that the number of members is consistent with effective decision making

The Board is responsible for the Association's strategy and policy framework. The day to day implementation of that policy is delegated to the Chief Executive and the other members of the Senior Management team who meet bi-weekly

Recruitment of Board Members

The Association seeks to recruit Board members from as wide a range of backgrounds as possible and with a view to securing all the skills appropriate to the management of an organisation of this size and type. The Association has used and will continue to use external advertisements with a view to identifying a wider range of potential Board members

Committees

The Board has an Audit Committee and a Remuneration Committee

The Audit Committee consists of five members of whom at least two are members of the Board. The committee meets at least three times a year and considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the Association's internal control arrangements

REPORT OF THE BOARD (CONTINUED)

The Remuneration Committee consists of four members of the Board and meets at least once a year. The Committee determines the pay and conditions of service of the Chief Executive and other members of the Senior Management Team and considers annually whether and at what level a cost of living pay award should be made to them.

Internal Controls Assurance

The board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the group.

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

The process for identifying, evaluating and managing the significant risks faced by the group is ongoing, has been in place throughout the period commencing 1 April 2011 up to the date of approval of the report and financial statements.

Key elements of the control framework include

1 Identifying and evaluating key risks

The Association's risk management policy sets out arrangements in place for identifying, evaluating and controlling significant risk. The structure of risk management responsibilities included in the policy aims to ensure that all parts and all levels of the organisation are included in the risk management process.

2 Control environment and internal controls

The processes to identify and manage the key risks to which the Association is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of senior staff, regular performance monitoring, control over developments, raising risk awareness and monitoring Health and Safety practice and performance.

3 Information and reporting systems

The budget for the year ahead is reviewed and approved by the Board prior to the start of the new financial year. Performance against budget is monitored throughout the year by the Board. Reports at least twice in each financial year enable the Board to monitor the treasury management operation and the exercise of delegated treasury management powers.

4 Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. Independent assurance is provided by internal audit to the Board, via the Audit Committee.

A fraud register is maintained. Any fraudulent incidences are reported to the Board. The overall value of frauds reported during the year was below the threshold for reporting to the Homes and Communities Agency (formerly Tenant Services Authority).

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit Committee to regularly review the effectiveness of the system of internal control. The Board receives reports from the audit committee together with minutes of Audit Committee meetings.

The Board has received the chief executive's annual review of the effectiveness of the system of internal control for the Association and its subsidiaries, and the annual report of the internal auditor, and has reported its findings to the Board.

REPORT OF THE BOARD (CONTINUED)

Board responsibilities for the financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law and housing legislation in the United Kingdom requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and association at the end of the year and of the surplus or deficit of the group and association for the year then ended

In preparing those financial statements the board is required to

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice Accounting by Registered Social Landlords (Update 2010), subject to any material departures disclosed and explained in the financial statements

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act 2008 (from 1 April 2010) and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is 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

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 (Update 2010)

The Board is responsible for the maintenance and integrity of the corporate and financial information on the group's website

Going Concern

After making enquiries the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements

Annual general meeting

The annual general meeting will be held on 27 November 2012 at the registered office

Employee involvement

The Association has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Association

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees

Tax status

The Association is a registered charity and consequently has no liability to taxation

REPORT OF THE BOARD (CONTINUED)

Disclosure of information to auditors

At the date of making this report, each of the Association's Board members, as set out on page 5, confirms the following -

- so far as each Board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware, and
- each Board member has taken all the steps that he ought to have taken as a Board member in order to make themselves aware of any relevant audit information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information

Statement of compliance

In preparing this Board report, the Board has followed the principles set out in the SORP 2010

Auditors

Grant Thornton UK LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006

BY ORDER OF THE BOARD



Mr H J Baczkowski
Secretary
24 July 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST ANNE'S COMMUNITY SERVICES

We have audited the financial statements of St Anne's Community Services for the year ended 31 March 2012 which comprise the Association's income and expenditure account, the statement of total recognised surpluses and deficits, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities Statement set out on page 7, the Board is responsible for the preparation of the financial statements which 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. In addition, we read all the financial and non-financial information in the Report of the Chief Executive and the Report of the Board to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Board, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of the surplus for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- are in compliance with the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board 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 by the association, or
- the Association's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of the directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Graham Nunns
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Leeds, England
24 July 2012

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2012

	Note	2012 £'000	2011 (Restated *) £'000
Turnover: continuing activities	2	34,182	33,455
Operating costs	2	(32,554)	(33,503)
Operating surplus/(deficit) continuing activities	2&7	1,628	(48)
Surplus on sale of fixed asset investment	5	15	27
Release of provision made to reduce bank deposit to its estimated realisable value	10	164	104
Interest receivable and similar income	6	160	179
Other finance interest	26	506	(485)
Surplus/(Deficit) for the financial year		2,473	(223)

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
for the year ended 31 March 2012

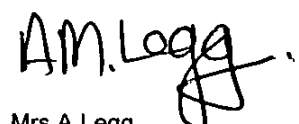
	2012 £'000	2011 (Restated) £'000
Surplus/ (Deficit) for the financial year	2,473	(223)
(Loss) on revaluation of investments	(1)	(1)
Actuanaal (loss)/gain relating to pension scheme	(7,787)	10,595
Total recognised (deficits)/surpluses relating to the financial year	(5,315)	10,371
Prior year adjustment (note 28)	(219)	
Total recognised surpluses and deficits since last report	(5,534)	

* The comparatives for the year ended 31 March 2011 have been restated as the Association has introduced component accounting in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010. Further details can be found in note 28 to these financial statements.

The notes on pages 13 to 31 form part of these financial statements.

The financial statements were approved by the Board on 24 July 2012 and signed on its behalf by


Ms S Saunders Chairman


Mrs A Legg Deputy Chairman


Mr H J Baczowski Secretary

BALANCE SHEET
at 31 March 2012

	Note	2012 £'000	2011 (Restated) £'000
Tangible fixed assets			
Housing properties			
Gross cost less depreciation		16,070	16,042
Less Social housing and other government grants		(14,522)	(14,471)
		1,548	1,571
Other tangible fixed assets		979	943
	8	2,527	2,514
Fixed asset investments	9	4,806	4,710
		7,333	7,224
Current assets			
Debtors	10	3,788	2,245
Investments	11	6,890	4,471
Cash at bank and in hand		2,514	4,457
		13,192	11,173
Creditors amounts falling due within one year	12	(5,471)	(5,222)
Net current assets		7,721	5,951
Total assets less current liabilities		15,054	13,175
Creditors amounts due after more than one year	13	2	3
Net pension liability	26	14,579	7,385
		14,581	7,388
Capital and reserves			
General charity fund	15	130	115
Investment revaluation reserve	16	6	7
Designated reserves	17	2,711	2,709
Revenue reserve	18	(2,374)	2,956
Association Funds		473	5,787
		15,054	13,175

The notes on pages 13 to 31 form part of these financial statements

The financial statements on pages 10 to 31 were approved by the Board on 24 July 2012 and signed on its behalf by



Ms S Saunders

Chairman



Mrs A Legg

Deputy Chairman



Mr H J Baczkowski

Secretary

Company number 1089026

CASH FLOW STATEMENT
at 31 March 2012

	Note	2012 £'000	2011 (Restated) £'000
Net cash inflow from operating activities	20	<u>798</u>	<u>1,820</u>
Returns on investments and servicing of finance			
Interest received and similar income		<u>146</u>	<u>211</u>
		<u>146</u>	<u>211</u>
Capital expenditure and financial investment			
Acquisition and construction of housing properties		(73)	(112)
Purchase of other tangible fixed assets		(364)	(350)
Capital grants received		39	109
Purchase of fixed asset investment		(1,020)	(2,036)
Sale of fixed asset investment		<u>953</u>	<u>1,722</u>
		<u>(465)</u>	<u>(667)</u>
Financing activities			
Repayment of loans		<u>(1)</u>	<u>-</u>
Increase in cash and current asset investments	21	<u>478</u>	<u>1,364</u>

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

1 ACCOUNTING POLICIES

Legal status

The Association is registered under the Companies Act 2006 and is registered with the Homes and Communities Agency (HCA) as a social landlord

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice accounting by Registered Social Landlords Update 2010, and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

The financial statements are prepared on the historical cost basis of accounting

Turnover and revenue recognition

Turnover comprises rental income receivable, fees and grants from central and local government and the proceeds of fund raising activities. Revenue grants are recognised when the conditions for receipt of grant funding have been met. Charges for support services are recognised as they fall due under the contractual arrangements with Administering Authorities.

Group financial statements

The Association has taken advantage of the exemption from preparing group financial statements contained in Section 402 of the Companies Act 2006 on the grounds that its subsidiary undertaking is immaterial to the Group under section 405(2) of the Act. Details of the subsidiary undertaking are set out in note 9.

Other Tangible Fixed assets and depreciation

Assets acquired before 31 March 1981

Fixed assets acquired before 31 March 1981 have not been depreciated. All capital expenditure prior to that date has been written off against appropriate central and local government grants and any shortfall has been written off to revenue in the year in which it was incurred.

Assets acquired after 31 March 1981

Tangible fixed assets, except freehold properties, are stated at cost less accumulated depreciation. Depreciation is charged by equal annual instalments over the expected useful lives of the assets. The periods generally applicable are:

Improvements to leasehold premises	Period of lease
Furniture, fixtures and fittings	2 years
Computer equipment	3 years
Office and workshop equipment	5 years
Motor vehicles	4 years

Freehold properties

The Association separately identifies the major components which comprise its properties held for social housing and non social housing lettings and charges depreciation, so as to write down the cost of each component to its estimated realisable value, on a straight line basis, over its estimated useful economic life. Where capital grant has been allocated to a component, the depreciable amount is arrived at on the basis of original cost, less the proportion of grant attributable to the component, less residual value.

The Association depreciates the major components of its properties held for social and non social housing lettings using the following useful lives:

Structure	75 years
Roof	50 years
Electrics	40 years
Heating, ventilation and plumbing	30 years
Boilers, kitchens & bathrooms	15 years
Windows	30 years

Works to existing properties are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension to the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

ST ANNE'S COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012**

1. ACCOUNTING POLICIES (continued)

Impairment reviews are carried out on an annual basis in accordance with FRS 11

Social housing grant

Social housing grant (SHG) is receivable from the HCA and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

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

Impairment

Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating surplus.

Investments

Non quoted investments are accounted for on a historical cost basis less any provision for impairment. Quoted investments are accounted for at market value at the balance sheet date. Any upward movement in valuation is taken to the investment revaluation reserve and shown in the statement of total surpluses and deficits. Any reduction in investments value is charged to the investment reserve and shown in the statement of total recognised surpluses and deficits, to the extent that there has been a previous upward valuation. Any excess reduction in market value over previous upward valuations is charged to the income and expenditure account.

Designated reserves

Where fixed assets are financed by the Association's own reserves an amount equivalent to the cost of the fixed assets is transferred from revenue to a designated reserve financing capital expenditure.

An amount equivalent to the annual depreciation charge on such assets is transferred from designated reserves financing capital expenditure to revenue reserves.

Where as a result of management decisions taken on specific future major repairs, capital expenditure, and other projects, reserves cannot be regarded as available for general use, a transfer is made from the revenue reserve to designated reserves.

Allocation of head office expenses

Head office salaries and overhead expenses are charged to the various housing and non-housing activities of the Association on the basis of estimated time spent.

True and fair override

Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet. This is a departure from the rules under Schedule 1 of Statutory Instrument 2008/410 but in the opinion of the Board is a relevant accounting policy, comparable to that adopted by other registered social landlords that has been adopted in order to present a true and fair view.

General Charity Fund

The General Charity Fund has been created from donations and the proceeds of fund raising activities and is available to meet expenditure within the Association's objectives for which no other finance is available.

Leased assets

All assets leased are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight-line basis over the lease term.

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

1. ACCOUNTING POLICIES (continued)

Pensions

The Association operates two defined benefit pension schemes for the benefit of its employees, the National Health Service Pension Scheme and the West Yorkshire Pension Fund

For the National Health Service Pension, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

For the West Yorkshire Pension Fund, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in the fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Supported housing managed by agencies

Social housing capital grants are claimed by the Association as developer and owner of the property and included in the balance sheet of the Association. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Association and its managing agents and on whether the Association carries the financial risk.

Where the Association holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Association's income and expenditure account (see note 2).

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Association. Other income and expenditure of projects in this category is excluded from the Association's income and expenditure account (see note 2).

ST ANNE'S COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012**

2. TURNOVER OPERATING COSTS AND OPERATING SURPLUS

	2012			2011		
	Turnover	Operating costs	Operating Surplus	Turnover	Operating costs (Restated)	Operating Surplus (Restated)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	<u>10,809</u>	<u>(9,347)</u>	<u>1,462</u>	<u>10,903</u>	<u>(9,735)</u>	<u>1,168</u>
Other social housing activities						
St Anne's Centre	269	(338)	(69)	265	(342)	(77)
Respite Services	1,421	(1,309)	112	1,494	(1,403)	91
Tenancy support-Supporting People	3,314	(3,398)	(84)	3,568	(3,722)	(154)
Tenancy support - Other funding	9,284	(8,531)	753	8,080	(7,468)	612
Funded projects	1,195	(1,152)	43	1,094	(1,074)	20
Fund raising & Publicity	27	(23)	4	34	(22)	12
Other	<u>179</u>	<u>(771)</u>	<u>(592)</u>	<u>121</u>	<u>(567)</u>	<u>(446)</u>
	<u>15,689</u>	<u>(15,522)</u>	<u>167</u>	<u>14,656</u>	<u>(14,598)</u>	<u>58</u>
Non-social housing activities						
Lettings	7,383	(7,471)	(88)	7,582	(7,691)	(109)
Other	<u>301</u>	<u>(301)</u>	<u>-</u>	<u>314</u>	<u>(314)</u>	<u>-</u>
	<u>7,684</u>	<u>(7,772)</u>	<u>(88)</u>	<u>7,896</u>	<u>(8,005)</u>	<u>(109)</u>
Total before pension adjustments	<u>34,182</u>	<u>(32,641)</u>	<u>1,541</u>	<u>33,455</u>	<u>(32,338)</u>	<u>1,117</u>
FRS17 Pension adjustments						
Pension contributions paid	-	2,254	2,254	-	1,419	1,419
Pension operating (charge) – Current service cost	<u>-</u>	<u>(2,167)</u>	<u>(2,167)</u>	<u>-</u>	<u>(2,584)</u>	<u>(2,584)</u>
Total	<u>34,182</u>	<u>32,554</u>	<u>1,628</u>	<u>33,455</u>	<u>(33,503)</u>	<u>(48)</u>

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

2. TURNOVER OPERATING COSTS AND OPERATING SURPLUS (continued)

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Hostels & Supported Housing	Residential Care Homes	2012 Total	2011 Total (Restated)
	£'000	£'000	£'000	£'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	1,142	5,575	6,717	7,005
Service income	1,272	-	1,272	1,236
Charges for Support Services	1,264	-	1,264	1,183
Net rental income	3,678	5,575	9,253	9,424
Revenue grants	-	1,549	1,549	1,470
Other income	7	-	7	9
Turnover from social housing lettings	3,685	7,124	10,809	10,903
Expenditure on social housing lettings				
Management and care	722	3,422	4,144	4,257
Services	1,360	3,406	4,766	4,945
Routine maintenance	327	68	395	492
Bad debts	37	5	42	41
Operating costs on social housing lettings	2,446	6,901	9,347	9,735
Operating surplus on social housing lettings	1,239	223	1,462	1,168
Void losses	261	121	382	388

ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

At the end of the year accommodation in management was as follows

	2012 No	2011 No
Social housing		
Supported housing and hostels	354	359
Residential care homes	173	188
	527	547
Non-social housing		
Registered nursing homes	118	118

Where the agency carries the financial risk, the Association's income and expenditure account includes only the income and expenditure for which it retains responsibility. During the year ended 31 March 2011, Leeds Housing Concern managed 5 units on behalf of the Association. This arrangement came to an end on 31 March 2011.

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

2. TURNOVER OPERATING COSTS AND OPERATING SURPLUS (continued)

2(a) FUND RAISING AND PUBLICITY

	£'000 2012	£'000 2011
Gifts and donations received	27	34
Direct charitable expenditure	(12)	(22)
	<u>15</u>	<u>12</u>
Transfer to general charity fund		
Fund raising and publicity costs	<u>12</u>	<u>10</u>

3. DIRECTORS AND EMOLUMENTS

The directors of the Association are the members of the Board, the Chief Executive and other members of the Senior Management team

	2012 £'000	2011 £'000
Emoluments of the Association's directors (salary, pension contributions and benefits in kind)	350	396
Emoluments of the highest paid director (excluding pension contributions)	76	61
Compensation for loss of office	-	45

The Chief Executive is an ordinary member of one of the Association's pension schemes. No enhanced or special terms apply and there is no individual arrangement to which contributions are made.

The highest paid director in the year was the Chief Executive. Due to a change of personnel during 2011 the highest paid director in that year was not the Chief Executive.

No emoluments were paid to members of the Board during the year.

	2012 £	2011 £
Total expenses reimbursed to the directors of the Association (not chargeable to tax)	<u>1,722</u>	<u>1,377</u>

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

4 EMPLOYMENT INFORMATION

Average monthly number of employees expressed in full time equivalent of 35 hours*

	2012 No	2011 No
Finance and administration staff	49	54
Maintenance and development staff	13	14
Care staff	1,089	1,101
	<u>1,151</u>	<u>1,169</u>

Employee costs:

	2012 £'000	2011 £'000
Staff costs (for the above persons)		
Wages and salaries	23,536	23,709
Social security costs	1,534	1,622
Other pension costs	2,514	1,664
	<u>27,584</u>	<u>26,995</u>

Agency staff costs are included within employee costs

5 SURPLUS ON SALE OF FIXED ASSET INVESTMENT

	2012 £'000	2011 £'000
Disposal proceeds	953	1,721
Carrying value of asset	938	1,694
	<u>15</u>	<u>27</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £'000	2011 £'000
Dividends receivable	20	31
Loan interest receivable	1	1
Bank and building society interest receivable	139	147
	<u>160</u>	<u>179</u>

7 OPERATING SURPLUS/(DEFICIT)

Operating surplus/(deficit) is arrived at after charging

	2012 £'000	2011 (Restated) £'000
Depreciation of freehold housing property	44	43
Depreciation of other tangible fixed assets	319	320
Auditors' remuneration (including VAT)		
- for audit services	20	18
Operating leases		
- Land & buildings	80	83
- Other	272	297

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

8. TANGIBLE FIXED ASSETS

Cost	Freehold housing property £'000	Other freehold properties £'000	Additions to leasehold premises £'000	Office and workshop equipment £'000	Furniture fixtures and fittings £'000	Total £'000
1 April 2011(Restated)	16,500	6,169	33	920	5,270	28,892
Additions to existing properties	73	28	-	-	-	101
Other additions	-	-	-	44	293	337
Disposals	(2)	-	-	-	-	(2)
31 March 2012	16,571	6,197	33	964	5,563	29,328
Social Housing and other capital grants						
1 April 2011(Restated)	14,471	5,420	-	119	854	20,864
Received during the year	51	-	-	-	10	61
Disposals	-	-	-	-	-	-
31 March 2012	14,522	5,420	-	119	864	20,925
Depreciation						
1 April 2011(Restated)	458	5	33	738	4,280	5,514
Charge for the year	44	-	-	43	276	363
On disposals	(1)	-	-	-	-	(1)
31 March 2012	501	5	33	781	4,556	5,876
Net book value at 31 March 2012	1,548	772	-	64	143	2,527
Net book value at 31 March 2011(Restated)	1,571	744	-	63	136	2,514

The cost of freehold property at 31 March 2012 includes interest capitalised of £270,000 (2011 £270,000) Cost and capital grants received include £22,000 (2011 £22,000) for fixed assets funded by the Big Lottery Fund

COMPONENT ACCOUNTING

The association has adopted the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010, at 31 March 2012 This has required the Association to identify the major components which make up assets held for social and non social housing lettings and depreciate them over their individual economic useful lives

Prior period balances have been adjusted to reflect this change in accounting policy which has reduced the net book value of freehold housing property by £222,000 and increased other freehold properties by £3,000 Further details of this adjustment are provided in note 28

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

SOCIAL HOUSING AND OTHER GRANTS

	2012 £'000	2011 £'000
Total accumulated Social Housing Grant and other Grants		
Capital grant received	21,230	21,169
	<u>21,230</u>	<u>21,169</u>

9. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise

	2012 £'000	2011 £'000
Interest in subsidiary	-	-
Listed investments	4,796	4,700
Other fixed asset investments	10	10
	<u>4,806</u>	<u>4,710</u>
Net book value at 31 March 2012		

The historical cost of fixed asset investments is £4,821,000 (2011 £4,738,000) The listed investments are carried in the financial statements at market value

Interest in subsidiary

The Association owns the whole share capital (two £1 ordinary shares) of St Anne's Trading Limited, a company registered in England and Wales

The aggregate capital and reserves of the Company at the 31 March 2012 amounted to £4,104 (2011 £3,182) The profit for the year after tax was £922 (2011 Loss £1,518)

Other fixed asset investments

This represents a secured loan to an unconnected undertaking

Listed investments

	£'000
Market value at 1 April 2011	4,700
Additions in year at cost	1,021
Disposals	(938)
Increase in value through Income and Expenditure Account	14
Decrease in value to Revaluation Reserve	(1)
	<u>4,796</u>
Market value at 31 March 2012	

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Arrears of rent	274	337
Less Provision for bad and doubtful debts	(112)	(159)
	<u>162</u>	<u>178</u>
Invoiced debtors	2,628	1,421
Other debtors	107	101
Prepayments and accrued income	772	490
Amounts owed by subsidiary company	10	-
Estimated amount due from bank administration	<u>109</u>	<u>55</u>
	<u>3,788</u>	<u>2,245</u>

At 31 March 2009 a deposit of £1,059,000 with a bank in administration was written down to its then estimated realisable value of £529,000. During the three years ended 31 March 2012 £688,000 was repaid. An additional dividend received in May 2012 is included in the year end debtor above. The latest administrator's report dated April 2012 identifies an estimate of a further £87,000 to £142,000 in dividends. However, this has not been recognised as a year end debtor due to the level of uncertainty surrounding the receipt of any future dividends.

11. CURRENT ASSET INVESTMENTS

	2012 £'000	2011 £'000
Money market deposits	<u>6,890</u>	<u>4,471</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Social housing allowances	6	6
Trade creditors	631	415
Capital expenditure on housing properties	11	11
Pension contributions	211	191
Other creditors	721	520
Committed revenue grant deferred income	2,630	2,876
Accruals and deferred income	793	704
Other taxation and social security	468	475
Committed capital grant	-	22
Amount owed to subsidiary company	<u>-</u>	<u>2</u>
	<u>5,471</u>	<u>5,222</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £'000	2011 £'000
Other loans	<u>2</u>	<u>3</u>

The loans are repayable at varying rates of interest by instalments over more than 5 years and are secured by special charges on various housing properties.

ST ANNE'S COMMUNITY SERVICES

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012**

14. DEBT ANALYSIS

Borrowings are repayable as follows

	2012 £'000	2011 £'000
Between two and five years	1	1
After five years	<u>1</u>	<u>2</u>
	<u>2</u>	<u>3</u>

15 GENERAL CHARITY FUND

	2012 £'000
At 1 April 2011	115
Transfer from revenue reserve	<u>15</u>
At 31 March 2012	<u>130</u>

16. REVALUATION RESERVE – FIXED ASSET INVESTMENTS

	2012 £'000
At 1 April 2011	7
Movement in year	
Transfer to revenue reserve	<u>(1)</u>
At 31 March 2012	<u>6</u>

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

17 DESIGNATED RESERVES

	Financing capital expenditure £'000	Reserve for major repairs £'000	Total £'000
At 1 April 2011	2,514	195	2,709
Transfer from revenue reserve	2	-	2
At 31 March 2012	<u>2,516</u>	<u>195</u>	<u>2,711</u>

18. REVENUE RESERVE

	£'000
At 1 April 2011	3,175
Prior year adjustment	(219)
At 1 April 2011 as restated	<u>2,956</u>
Surplus for the year	2,473
Transfer to charity fund	(15)
Transfer to designated reserves	(2)
Transfer from revaluation reserve	1
Actuarial loss relating to pension scheme	<u>(7,787)</u>
At 31 March 2012	<u>(2,374)</u>

At 31 March 2012 the Revenue Reserve included £14,579,000 defined benefit pensions' liability (2011 £7,385,000)

The Association endeavours to maintain reserves at a level, which ensures that investment income generated is sufficient to cover the cost of those activities for which no other funding is available

19. RECONCILIATION OF MOVEMENTS IN FUNDS

	2012 £'000	2011 Restated £'000
Opening funds as previously stated	6,006	(12,030)
Prior year adjustment	(219)	(237)
Opening funds as restated	<u>5,787</u>	<u>(12,267)</u>
Total recognised surpluses	<u>(5,314)</u>	<u>18,054</u>
Closing funds	<u>473</u>	<u>5,787</u>

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

20. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASH FLOW

	2012 £'000	2011 (Restated) £'000
Operating surplus/ (deficit)	1,628	(48)
Depreciation of tangible fixed assets	363	363
Loss on disposal of tangible fixed assets	1	1
(Increase) in value of fixed asset investments	(14)	(2)
Release of provision against debtor	164	104
Pensions operating charge	2,167	2,584
Pension contributions paid	(2,254)	(1,419)
(Increase)/decrease in debtors	(1,529)	651
Increase/(decrease) in creditors	272	(414)
	<u>798</u>	<u>1,820</u>

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2011 £'000	Cashflow £'000	At 31 March 2012 £'000
Cash at bank and in hand	4,457	(1,943)	2,514
Current asset investment	<u>4,471</u>	<u>2,419</u>	<u>6,890</u>
	8,928	476	9,404
Loans	<u>(3)</u>	<u>1</u>	<u>(2)</u>
	<u>8,925</u>	<u>477</u>	<u>9,402</u>

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £'000	2011 £'000
Net funds at 1 April 2011	8,925	7,561
Increase in cash and current asset investments in the year	476	1,364
Cash inflow from funding	<u>1</u>	<u>-</u>
Net funds at 31 March 2012	<u>9,402</u>	<u>8,925</u>

23. CAPITAL COMMITMENTS

	2012 £'000	2011 £'000
Authorised by the Board and contracted	<u>-</u>	<u>-</u>

24 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2012 or 31 March 2011

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

25 LEASING COMMITMENTS

The payments, which the Association is committed to make in the next year under operating leases are as follows

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases expiring				
In one year or less	20	47	-	49
Between one and five years	25	162	85	181
	<u>45</u>	<u>209</u>	<u>85</u>	<u>230</u>

26. PENSIONS

The Association operates two pension schemes, paying pension contributions to the National Health Service Pension Scheme and the West Yorkshire Pension Fund. Both schemes are defined benefit schemes. Membership of the West Yorkshire Pension Fund has been closed to new employees with effect from 31 March 2012.

National Health Service Pension Scheme

NHSPS is a multi-employer defined benefit scheme. The scheme is unfunded. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers and, due to the nature of the scheme, the income and expenditure account charge for the period under both SSAP 24 and FRS 17 represents the employer contribution payable.

Employer contributions were made at the rate of 14% during the accounting period. Payments to the scheme in the period amounted to £ 259,608 (2011: £245,635). Members contribute at a rate of 6%.

The scheme is subject to full valuations every four years (previously every five years). The last valuation took place as at 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published every October. These accounts can be viewed on the NHS Pension Agency website at www.nhs.gov.uk.

West Yorkshire Pension Fund (WYPF)

The WYPF is a multi-employer scheme with more than one participating employer, which is administered by the City of Bradford Metropolitan District Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit credit method. The most recent formal actuarial valuation was completed as at 31 March 2010 and rolled forward to 31 March 2012, by a qualified independent actuary.

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

26. PENSIONS (continued)

The market value of the scheme's assets at 31 March 2012 was £7,942 million against scheme liabilities of £8,532 million, a deficit of £590 million. The main actuarial assumptions used in the valuation were

Long-term gilt yields	
Fixed interest	4.5%
Index linked	0.7%
Implied price inflation	
Retail Prices Index (RPI)	3.8%
Consumer Prices Index (CPI)	3.3%
In service discount rate	
Admission bodies	6.25%
Left service discount rate	
Admission bodies	4.75%
Rate of pay increases	
	5.3%
Rate of pension increases	
Benefits in excess of GMPs	3.3%
Post 5 April 1988 GMPs	2.7%
Rate of deferred pension increases	
Deferred pension increases	3.3%
GMP increases in deferment	5.3%

Contributions

The employers' regular contributions to the WYPF by St Anne's for the year ended 31 March 2012 were £1,379,000 (2011: £1,419,000). An additional amount of £875,000 was paid in recognition of the need to reduce the deficit on St Anne's section of the WYPF. The employers' contribution rate has been fixed at 12.7% of pensionable pay for the year ending 31 March 2013. Employees' contribution rates have been fixed at rates between 5.5% and 7.5% dependant on salary levels. The employers' regular contributions to the Fund for the accounting period ending 31 March 2012 are estimated to be £1,449,000.

Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 17 basis were

	31 March 2012 % per annum	31 March 2011 % per annum	31 March 2010 % per annum	31 March 2009 % per annum
Rate of increase in salaries	5.1	5.2	5.75	5.05
Rate of increase in pensions in payment	2.6	2.8	4.0	3.3
Discount rate	4.8	5.4	5.6	7.1
Inflation assumption- RPI	3.6	3.7	4.0	3.3
Inflation assumption- CPI	2.6	2.8	N/A	N/A
Expected rate of return on assets				
Equities	8.1	8.4	8.0	7.5
Government Bonds	3.1	4.4	4.5	4.0
Other Bonds	3.7	5.1	5.5	6.0
Property	7.6	7.9	8.5	6.5
Cash/Liquidity	1.8	1.5	0.7	0.5
Other	8.1	8.4	8.0	7.5

St Anne's Community Services employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2012.

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

26 PENSIONS (continued)

Mortality assumptions

The post retirement mortality assumptions used to value the benefit obligations at 31 March 2012 are based on the Standard SAPS Normal Health All Amounts series. The assumed life expectations on retirement at age 65 are

	2012 % per annum	2011 % per annum
Retiring today		
Males	22.0	21.9
Females	24.1	24.0
Retiring in 20 years		
Males	23.8	23.7
Females	26.1	26.0

Amounts recognised in the balance sheet

	2012 £'000	2011 £'000
Present value of funded obligations	60,117	50,104
Fair value of plan assets	<u>(45,538)</u>	<u>(42,719)</u>
Deficit	<u>14,579</u>	<u>7,385</u>
Amount in balance sheet		
Liabilities	<u>14,579</u>	<u>7,385</u>

Statement of total recognised surpluses and deficits
Year ended 31 March

	2012 £'000	2011 £'000
Actuarial (loss)/gain in pension scheme recognised in STRSD	<u>(7,787)</u>	<u>10,595</u>
Cumulative actuarial loss recognised in STRSD	<u>12,141</u>	<u>(4,354)</u>

Analysis of the amount charged to the income and expenditure account

	2012 £'000	2011 £'000
Current service cost	2,167	2,584
Expected return on pension scheme assets	(3,265)	(2,677)
Interest on pension scheme liabilities	<u>2,759</u>	<u>3,162</u>
Total operating charge	<u>1,661</u>	<u>3,069</u>

£2,167,000 (2011 £2,584,000) was charged to the operating surplus and £506,000 (2011 Charge of £485,000) was credited to other finance interest

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

26. PENSIONS (Continued)

Changes in present value of defined benefit obligations

	2012 £'000	2011 £'000
Opening defined benefit obligation	50,104	61,111
Current service cost	2,167	2,584
Interest cost	2,759	3,162
Actuarial losses/(gains)	5,238	(9,036)
Past service cost	-	(7,683)
Benefits/transfers paid	(839)	(753)
Member contributions	688	719
Closing defined benefit obligation	<u>60,117</u>	<u>50,104</u>

Reconciliation of opening and closing balances of the fair value of scheme assets

	2012 £'000	2011 £'000
Opening fair value of assets	42,719	37,098
Expected return on scheme assets	3,265	2,677
Actuarial (losses)/ gains	(2,549)	1,559
Contributions by employer	2,254	1,419
Member contributions	688	719
Net benefits paid	(839)	(753)
	<u>45,538</u>	<u>42,719</u>

Major categories of plan assets as a percentage of total plan assets

	2012	2011
Equities	70.1%	73.1%
Bonds	18.7%	15.3%
Property	3.8%	3.6%
Cash /liquidity	1.9%	2.3%
Other	5.5%	5.7%
	<u>100%</u>	<u>100%</u>

	2012 £'000	2011 £'000
Actual return on plan asset	<u>716</u>	<u>4,236</u>

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

26 PENSIONS (Continued)

Amounts for the current and previous four periods are as follows:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligations	(60,117)	(50,104)	(61,111)	(33,264)	(39,633)
Fair value of scheme assets	45,538	42,719	37,098	26,307	31,529
(Deficit) on scheme	(14,579)	(7,385)	(24,013)	(6,957)	(8,104)
Experience adjustments on plan liabilities	-	-	-	-	(65)
Experience adjustments on plan assets	(2,549)	1,559	8,014	(8,527)	(2,594)

New Admission Agreement for admission to West Yorkshire Pension Fund

In connection with a contract between City of Bradford Metropolitan Council and the Association, an agreement for admission to a new section of WYPF was entered into with effect from 20 December 2011. The agreement is specific to eligible staff transferred to St Anne's by virtue of the contract and will terminate on the expiry or earlier termination of the contract. This section of the WYPF was fully funded at the start of the agreement. Subject to the Association complying with specific clauses in the agreement, any deficit relating to this section of the Fund will be subsumed by the Council. The employer rate set under the agreement is 13.7%.

Due to the subsumption arrangements in place, assets and liabilities relating to this section of the WYPF have not been included in the Association's balance sheet.

27 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption conferred by FRS 8 not to disclose related party transactions with other group entities.

During the year five clients Mr Billy Craven, Mr Steven Durham, Ms V Long, Mr Michael Ludlum and Mr Peter Shillito served as members of the Board. Their transactions are on normal commercial terms and they are not able to use their position to their advantage.

ST ANNE'S COMMUNITY SERVICES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2012

28 PRIOR YEAR ADJUSTMENTS

	Cumulative prior year adjustments to 31 March 2010 £'000	Prior year Adjustment for 2010/11 £'000	Cumulative Prior year adjustments to 31 March 2011 £'000
Income and expenditure account			
Operating costs – depreciation charge	(412)	(44)	(456)
Operating costs – major repairs expenditure (net of grants)	189	63	252
Operating costs – loss on disposal of component	(14)	(1)	(15)
Impact on operating surplus	<u>(237)</u>	<u>18</u>	<u>(219)</u>
Balance Sheet			
Freehold housing properties – cost less grant			
At 31 March as previously stated	2,144		2,149
Transfers	(354)		(354)
Additional capitalisation of components	175	59	234
At 31 March as restated	<u>1,965</u>		<u>2,029</u>
Freehold housing properties (depreciation)			
At 31 March as previously stated	2		2
Additional depreciation	412	43	455
At 31 March as restated	<u>414</u>		<u>457</u>
Other Freehold housing properties- cost less grant			
At 31 March as previously stated	391		391
Transfers	354		354
Additional capitalisation of components	-	4	4
At 31 March as restated	<u>745</u>		<u>749</u>
Other Freehold housing properties (depreciation)			
At 31 March as previously stated	4		4
Additional depreciation	-	1	1
At 31 March as restated	<u>4</u>		<u>5</u>
Revenue reserves			
Revenue reserve at 31 March as previously stated	(15,188)		3,175
Impact on operating surplus	(237)	18	(219)
Revenue reserve at 31 March as restated	<u>(15,425)</u>		<u>2,956</u>