

Family First Ltd

Financial Statements for the year ended 31 March 2007



Family First Limited
A member of the LHA-ASRA Group Limited

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Operating and Financial Review

Principal Activities & Governance

"Family First, Nottingham, was founded late in 1965. Immediately, it started to find homes for homeless families and individuals and soon established its own innovative housing project for young lone mothers in Alexandra Park, Nottingham. Family First created neighbourhood centres; opportunities for people to meet, to socialise and to learn; a day nursery and a wide range of family support services; a furniture and clothing service including shops, and training opportunities."

Since then, Family First has developed into an organisation catering for many of the diverse needs of the local community in Nottinghamshire. We currently provide the following unique and linked range of services:

- General Needs Housing
- Recycling Services
- Charity Shops
- Tenancy Support
- Teenage Parent Accommodation
- Mental Health Support
- Childcare

Family First completed a group structure with LHA-ASRA in October 2006. Family First is now a subsidiary of the LHA-ASRA Group Ltd.

Family First is seeing tangible benefits in terms of efficiency savings arising from access to group wide contracts and shared services (e.g. insurance, maintenance, Human Resources) and the decision has been made to purchase a number of services from the group rather than operate them in-house.

Family First is part of the Group's review of governance currently underway.

Key Objectives

Family First provides homes and services to meet the needs of the local community. The Vision statement which is currently being reviewed sets out key objectives that drive our business plan:

- Putting People First
- Managing Equality and Diversity
- Customer Care, Continuous Improvement and Best Value
- Financial Viability and Strength
- Promoting a more sustainable Environment
- Valuing Staff, Trainees, Volunteers, including Board Members
- Supporting Sustainable Communities
- Working in Collaboration and Partnership
- Increasing Public Awareness

Demand

The demand for our services is growing both within Nottingham and the wider geographical area. Evidence of this growth has been identified through the development of our range of services in direct response to local needs and requirements.

Our Service Users include individuals from many different cultural and racial backgrounds, thus necessitating services that are accessible and open to all. We recognise that our Service User needs are becoming more diverse, with multiple support needs becoming the norm. As a result, we strive to provide a package of support, which goes over and beyond existing provision in the area. Service Users can access any number of appropriate services according to their specific needs and requirements.

The current location of our services is within Nottinghamshire, though we are keen to ensure we do not place any geographical restrictions or boundaries on our service provision. We believe that being part of the LHA-ASRA Group will provide us with some opportunities to expand our existing geographical boundaries directly or indirectly over the life of the plan.

Development activity

Family First has had a successful year with the development of a number of new projects and the extension of existing projects.

The Chilwell Nursery opened in November 2006 following our successful tender application to operate this 34 place nursery. The building was officially opened by Nick Palmer MP in April 2007.

The Recycling Services received additional funding of £48,000 from the Community and Recycling Development Fund (CRED) to extend its services to provide a collection and delivery service at weekends and to extend the shop opening to 6 days per week.

The Amity Mental Health project received £7,000 of funding from Boots Charitable Trust and Lotteries Awards for All to provide a Health Eating Programme for its service users.

The Safe Contact project received funding of £4,424 to provide supervised contact for clients referred by CAF/CASS.

The Family Centre received £15,000 from the Strategic Investment Fund to provide respite childcare for parents in Mayholme.

Family First were involved in a Nottingham based consortium that was successful in tendering to provide tenancy support services in the City, this will be effective from mid 2007 and will increase present client numbers by 50.

Family First is always looking at development opportunities and during 2007-08 we hope to establish a number of new services within the recycling services, working with Local Authorities to dispose of waste and to develop a renovation project to ensure that increasing numbers of donated items are reused.

Exposure to contracts

For our core business, the following ranges of contracts are in place:

- Supporting People contracts with local authorities
- Long term Borrowing contracts with lenders
- Service Level Agreements (SLAs) with Nottingham City Council
- Block Contracts with Nottingham City Council
- Grant Aid Agreements with Nottinghamshire County Council, Big Lottery Fund and Community Regeneration and Economic Development (CRED)

The Service Scrutiny Group monitors the organisation's performance against the KPIs in the contracts.

Structure of the Business

The majority of the association's income comes from rent and service charges. The organisation also receives income through block contracts and SLAs with Local Authorities, grant aid and donations. The Family First shops also provide valuable income into the organisation.

We also receive a great deal of "in kind" income through our volunteers and trainees giving their time to the organisation, and through the donations of items through the recycling scheme.

Funding of non housing projects is always a concern for Family First. During the last year we have seen funding reduce from several areas of operation; the biggest impact has been on the recycling services where two pots of Lottery funding ended in 2006-07.

The funding from the DfES for the Safe Contact project ended on 31 March 2007. New funding to continue this service was not available and the decision was made to close this service.

One of the key objectives for the organisation in 2007-08 is to employ a dedicated fundraiser whose aim is to both identify and apply for funding opportunities for all the projects. There are a number of opportunities for additional funding and by having a dedicated fundraiser we are confident that additional income can be generated to both develop existing and to start new projects.

Regulation

Family First is regulated by the Housing Corporation and its housing services are subject to inspection by the Audit Commission. In addition Supporting People service reviews are carried out by Nottingham City Council. OFSTED carry out inspections of our child care services and the Financial Services Authority and Companies House also play a regulatory role. Additionally, long term borrowings also necessitate lenders carrying out ongoing monitoring.

Other funders and local authorities with whom we have SLAs and block contracts also undertake regular monitoring of the services.

Family First has accreditation for Investors in People and will be actively involved as part of the group re-assessment in 2007-08.

The Family First Housing Corporation Assessment (HCA) had all green lights for 2005-06.

Corporate, Business and Operational Plans

The Business Plan is reviewed on an annual basis by the Board and the Strategic Planning Group. It has become part of the group's Corporate Plan in line with the integration process, and is underpinned by detailed Operational Plans.

Key Performance Indicators (KPIs) and Continuous Improvements

The Service Scrutiny Group receives a KPI report on the operational and service performance of all Family first projects. The Finance and Audit Working Group receives quarterly financial information.

Further information is also captured from regulatory assessments and the internal and external audit functions.

Government policies

Family First's stock is continuing to work with existing government policies. It responds to consultation papers to suggest practical solutions, and identify issues relevant to the consultation themes.

Age of Properties and Major Repairs

Family First properties are mainly comprises older properties which, present major repairs issues. A new Stock condition survey to be completed in 2007 will provide a more accurate picture of the levels of investment required to meet the Decent Homes Standard by 2010 and level of investment post 2010.

Family First has used property disposals to finance decent homes works. Family First's Board will need to consider whether further property disposals are needed to continue to fund both Decent Homes and other repair works.

Financial Performance

The accounts of Family First are showing a surplus of £327k for the year (2006: £252k) which is above budgeted predictions. This includes a surplus on property disposals of £234k, the proceeds of which are to be used to re-invest in our decent homes programme. The surplus also benefits from £200k of Gift Aid which was received from the LHA-ASRA Group parent during the year.

Asset Value

The summary of fixed asset properties is disclosed under Note 14 to the accounts. The Board is of the opinion that the market value of these properties is significantly higher than that shown in the Balance Sheet.

Financing and Treasury Management

An exercise in loan consolidation was undertaken during the year. Borrowings from seven different lenders were consolidated in a £2.3m arrangement with Lloyds TSB. As a result of this, Family First has reduced its interest costs, improved its short to medium term cashflow position and reduced the administrative burden associated with the loans. Family First's borrowings are split between fixed and variable rate loans. At the year end, 70% of the organisation's borrowings were at fixed rates of interest (2006: 34%).

Statement on the Association's System of Internal Control

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests. In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with Turnbull principles as incorporated in the Housing Corporation's circular R2-25/01: internal controls assurance.

The Board, through the Finance and Audit Working Group, has reviewed the effectiveness of Family First's internal financial controls and risk management for the year ended 31 March 2007. No significant weakness in the internal controls resulting in material losses, contingencies or uncertainties, which require disclosure in the financial statements has occurred.

Post Balance Sheet Events

There are no post balance sheet events that require disclosure in the financial statements.

Going concern

The Board has a reasonable expectation that Family First Ltd 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.

Statement of Board's responsibilities in respect of the Board Report and the Financial Statements.

The Board of Management (the Board) are responsible for preparing the Board Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Societies law requires the Board to prepare financial statements for each financial year. Under the law they have elected to prepare the financial statements in accordance with the UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Association and parent association financial statements are required by law to give a true and fair view of the state of affairs of the Association and the parent association and of the surplus or deficit for that period.

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;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association and the parent association will continue in business.

The Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent Association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

By Order of the Board



Atul Patel
Company Secretary

Five-Year Financial Highlights

Financial performance	2006-07	2005-06	2004-05	2003-04	2002-03
Turnover (£'000)	2,530	2,592	2,878	2,750	2,271
Operating surplus (£'000)	66	188	277	286	256
Gross Margin (%)	2.6	7.3	9.6	10.4	11.3
Interest payable (£'000)	185	205	209	212	255
Surplus on disposal of properties	234	180	-	-	395
Gift Aid from Group parent	200	-	-	-	-
Surplus/(deficit) for the year (£'000)	327	252	111	79	403
Interest cover	1.9	2.7	1.7	1.5	2.7
Cash flow					
Cash flow from operations (£'000)	239	271	341	630	476
Cash flow for the year (£'000)	378	(160)	(182)	44	382
Balance Sheet					
Total Fixed Assets (£'000)	5,267	5,239	4,988	4,826	4,631
Net current assets (£'000)	453	(39)	55	167	379
Debt (£'000)	2,917	2,724	2,820	2,881	2,976
Reserves (£'000)	2,803	2,476	2,223	2,112	2,034
Gearing (%)	26.6	27.1	28.2	29.3	30.5

Turnover has fallen in recent years due to reductions in grant funding for several of the Family First projects. Steps have been taken to reduce costs accordingly. The move to a Group structure with LHA-ASRA will provide further opportunities to maximise efficiency through access to group-wide services and contracts.

A programme of property disposals was identified in 2005-06 which has generated funds for re-investment into existing stock. This is to assist with the delivery of our Decent Homes Programme, working towards compliance with the Decent Homes Standard by 2010.

Board, Directors and Advisers

Board

Chair	Mark Robinson
Vice Chair	Geoff Culpin
Company Secretary	Atul Patel
Other Members	Keith Coxon
	Craig Gilhooley
	Richard Grosberg
	Stephen Hyde
	Maria Iliffe
	Bill Peacham
	Paul Periton
	Janet Tennant
	Councillor M Ibrahim (Co-optee)
	Don Greening (Co-optee)

Executive Directors

Chief Executive	Ann Cartwright (left 31.10.06)
Managing Director	Patrick Taylor
Finance Director	Helen Croft

Registered Office

375 Alfred Street North
Nottingham NG3 1AA

Registered Number

Registered as a charitable social landlord under the Industrial and Provident Societies Acts,
No: 17357R

Registered by the Housing Corporation,
No: LH0708

External Auditors

KPMG LLP

Internal Auditors

Bentley Jennison (until 31.03.07)

PriceWaterhouseCoopers (from 01.04.07)

Solicitors

Freeth Cartwright LLP

Bankers

Barclays Bank Plc

Independent Auditors' Report

Report of the independent auditors to the members of Family First Housing Association

We have audited the Association and parent association financial statements (the "financial statements") of FAMILY FIRST for the year ended 31 March 2007 which comprise the Consolidated and Association Income and Expenditure Account, the Consolidated and Association Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The Board of Managements' responsibilities for preparing the Board's Report, and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), are set out in the Statement of the Board of Managements' Responsibilities on page 8.

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

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

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Independent Auditors' Report

Report of the independent auditors to the members of Family First Housing Association (continued)

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Association's and the parent association's affairs as at 31 March 2007 and of the Association's and the parent association's surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Association Accounts) Regulations 1969, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

KPMG LLP

19/10/07

KPMG LLP

Chartered Accountants, Registered Auditor

Income and Expenditure Account for the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
FAMILY FIRST			
Turnover	4	2,530	2,592
Less: Operating Cost	4	(2,464)	(2,404)
Operating Surplus	4	66	188
Surplus on disposal of housing properties	9	234	180
Gift Aid	30	200	-
Interest receivable and other income	12	12	89
Interest payable and similar charges	13	(185)	(205)
Surplus for the year	24	327	252

The accompanying accounting policies and notes on pages 16 to 36 form an integral part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

All recognised gains and losses are included in this statement.

Balance Sheet as at 31 March 2007

FAMILY FIRST	Note	£'000	2007 £'000	£'000	2006 £'000
Tangible Fixed Assets					
Housing properties -					
Gross cost less depreciation	14	12,788		12,808	
Less: Social housing grant	14	(7,951)		(8,043)	
			4,837		4,765
Other tangible fixed assets	15		430		474
			5,267		5,239
Current Assets					
Debtors: amounts due within one year	16	169		123	
Cash at bank		675		297	
		844		420	
Creditors: amounts falling due within one year	17	(391)		(459)	
Net current assets			453		(39)
Total assets less current liabilities			5,720		5,200
Creditors: amounts falling due after more than one year	18		2,917		2,724
Capital and Reserves					
Non-equity share capital	23		-		-
Revaluation reserve	24	110		110	
Restricted reserves	24	44		44	
Designated reserves	24	1,625		1,450	
Income and expenditure reserve	24	1,024		872	
			2,803		2,476
			5,720		5,200

The financial statements on pages 13 to 36 were approved by the Board on 7 August 2007 and signed on its behalf by:



Chair
Mark Robinson



Vice Chair
Geoff Culpin



Secretary
Atul Patel

The accompanying accounting policies and notes on pages 16 to 36 form an integral part of these financial statements.

Cash Flow Statement for the year ended 31 March 2007

FAMILY FIRST	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	25	239	271
Returns on investments and servicing of finance			
Net cash inflow from returns on investments and servicing of finance		27	(117)
Capital expenditure and finance investment			
Net cash inflow from capital expenditure and financial investment		103	(223)
Net cash inflow before financing		369	(69)
Financing			
Net cash outflow from financing		9	(91)
Increase / (decrease) in cash	27	378	(160)

The accompanying accounting policies and notes on pages 16 to 36 form an integral part of these financial statements.

