

LHA-ASRA Group

Financial Statements for the year ended 31 March 2007

Committed to building better homes, better lives
and better communities



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Board, Directors and Advisers

Members of the Board

Chairman
Rodney Pitts

Members

Curtis Juman
David Betterley
Deepak Chandra
Eileen Leadeatt
Farouk Haider
Jaya Balchandani
Sadru Visram (Deputy Chairman)
Shaama Saggarr-Malik
Shantilal Makwana

Co-opted Members

Don Greening
Stephen Hyde
Atul Patel (Executive)
Robert Nettleton (Executive)
John Stemp (Executive)

Chief Executive

Atul Patel

Management Team

Atul Patel
Patrick Taylor
Asit Acharya
Dilip Kavi
John Stemp
Mukhtar Latif
Robert Nettleton

External Auditors
KPMG LLP

Internal Auditors
PriceWaterhouseCooper (PWC) LLP

Bankers
Yorkshire Bank plc

Solicitors
Harvey Ingram LLP

Company Secretary
Brian Bassett (to 30 March 2007)
Atul Patel (from 31 March 2007)

Registered Office
3 Bede Island Road
Leicester
LE2 7EA

Five-Year Financial Summary

LHA-ASRA	18 Months				
	2006/07	2004/06	2003/04	2002/03	2001/02
Financial performance					
Turnover (£'000)	24,750	34,936	22,882	22,293	21,896
Operating surplus (£'000)	6,981	5,718	6,801	5,941	6,405
Gross Margin (%)	28.2	16.4	29.7	26.6	29.3
Surplus/(deficit) for the year (£'000)	794	(3,926)	1,722	959	1,148
Interest payable (£'000)	6,026	9,023	5,843	5,436	5,418
Interest cover	1.16	0.6	1.2	1.09	1.18
Cash flow					
Cash flow from operations (£'000)	6,881	15,121	7,161	7,932	8,222
Cash flow for the year (£'000)	5,532	(2,666)	2,796	(2,970)	(1,486)
Balance Sheet					
Housing properties (net) (£'000)	113,289	102,957	96,414	92,203	86,773
Investments (£'000)	2,768	2,460	1,915	1,602	1,309
Net current assets (£'000)	(8,974)	(12,185)	4,412	(8,313)	(3,508)
Debt (£'000)	99,760	81,727	78,010	71,365	70,113
Reserves (£'000)	16,768	15,974	19,820	18,399	17,936
Gearing (%)	64%	54%	52%	52%	52%

LHA-ASRA Group's Operating and Financial Review

Legal Status

The Group comprises organisations that are charitable and non-charitable Industrial and Provident Societies (IPS) as both Registered and unregistered Social Landlords.

Parent

LHA-ASRA Group Limited (LHA-ASRA) is the parent and Registered Social Landlord (RSL). It is an asset holding non-charitable operating association registered under the Industrial and Provident Societies Act 1965. There is an intention to create a non-asset holding parent RSL in 2007-08.

Subsidiaries

The operating subsidiaries are:

ASRA Greater London Housing Association Limited (ASRA) – a charitable registered RSL.

Family First Limited (FF) – a charitable registered RSL.

LHA Support Services Limited (LHASS) – a charitable and unregistered IPS.

Business overview

The Group was formed by the joining of two of the UK's most successful and innovative housing and regeneration providers, Leicester Housing Association (LHA) and ASRA Greater London Housing (ASRA). The Group has been further strengthened by new group member, Family First (FF) in Nottingham.

The Group owns 10,000 homes across the Midlands, Greater London and the South East including the provision of care, support and housing to those with special needs.

Subsidiaries

ASRA is a diverse, multi-ethnic and culturally sensitive organisation providing quality homes and specialist care and support services to diverse communities across Greater London and the Home Counties since 1984.

FF has recently celebrated 40 years of service delivery providing housing and a wide range of care and support services to local communities.

LHASS provides care, support and services to those with special needs in LHA's stock, and other external organisations.

The Group shares a common vision, values and commitment to working with local communities. It offers the benefit and support of the parent and group structure to its members whilst enabling them to have autonomy and to retain their identity and local focus.

Relationships between group members are guided by Intra Group Agreements. Services are provided between group members.

LHA-ASRA's business, objectives and strategy

The consolidated statements for the LHA-ASRA Group (the Group) include the former LHA Group, the ASRA Group, and Family First following the LHA/ASRA alliance in 2005 and Family First joining the group in 2006. ASRA, Family First and other subsidiaries of the Group have their own accounts and separate statements are included in those accounts.

Principal Activities (LHA)

'LHA is a housing and regeneration agency committed to people and their communities and to helping to build better lives'. The core values that sustain this objective are as follows.

- Customer Focus
- Integrity
- Innovation and good practice
- Prudence
- Equality and Diversity
- Environment

These are further underpinned by strategies to promote organisational growth, choice in service delivery, neighbourhood governance, and to deliver on best value and the efficiency agenda.

Strategic and Business Plans

The LHA Corporate plan was approved in March 2007. The Business Plan model translates these corporate objectives and medium term operational priorities into 30-year financial projections, to reflect the long term investment in assets and the need to repay long term borrowings. Our regulators and lenders are satisfied with the viability of the Business Plan. The Business Plan is regularly updated to reflect significant changes such as increased capital expenditure. It is consolidated at Group-level to assist the Group Board and external stakeholders.

Financial performance

The LHA-ASRA Group

The Group's consolidated Financial Statements for 2007 are based on a 12 month period for its subsidiaries except for FamilyFirst. FamilyFirst joined the Group on 1 October 2006, and its results for the last six months have been consolidated into the Group. The Group's 2006 results include an 18 month period for the former LHA and its subsidiaries.

The Group turnover for the 12 month period to 31 March 2007 is £42m. The operating surplus of £11.2m is more than adequate to service debt levels. The Group has taken the opportunity to apply the wider rule change, obtained in 2006, to undertake derivative transactions to minimise interest costs.

The Group's property portfolio, based on historical costs, amounts to £533m, supported by capital grant of £323m and long term borrowings of £176m.

