



NEW PROGRESS
HOUSING ASSOCIATION LIMITED



Working

together

**for
an**



**even
brighter**



future

Annual Accounts 2011

Financial Statements for the year ended 31 March 2011

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

MEMBERS OF THE BOARD OF MANAGEMENT, EXECUTIVE OFFICERS AND ADVISERS

Members of the Board of Management

S Miller	Chairman
V Jackson	Vice Chair
P Holt	
W Staines	
C Kushner	
F Smith	
S Tattersall	
Cllr A J Kelly	(Resigned 11 October 2010)
Cllr J Hothersall	(Resigned 11 October 2010)
Cllr D Suthers	(Resigned 11 October 2010)
D Proctor	(Resigned 11 October 2010)
B Yates	(Appointed 11 October 2010)
S Penswick	(Appointed 11 October 2010)

Secretary

E Hughes

Registered Office

Sumner House
21 King St
Leyland
PR25 2LW

Executive Officers

J M De Rose BSc MCIH	Group Chief Executive
A Speer MBA, ACMA, BA (Hons)	Group Director of Finance Accounting
B Keenan BA, MCIH	Managing Director New Progress Housing Association
G A Jackson	Group Director of Development And New Business
A Johnson FInstLM, MIoD, MBA	Managing Director Progress Care Housing Association
G Sanderson MIoD, MBA	Director of Property Services (Resigned 31 December 2010)
E Tamanis BA (Hons) ACMA	Managing Director New Fylde Housing & Property Services
M Stevenson LLB (Hons)	Director of Legal Services

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

MEMBERS OF THE BOARD OF MANAGEMENT, EXECUTIVE OFFICERS AND ADVISERS (CONTINUED)

Statutory Auditors	KPMG LLP St James' Square Manchester M2 6DS	
Principal Solicitors	Cobbetts 58 Mosley Street Manchester M2 3HZ	
Bankers	Barclays PO Box 3333 One Snowhill Snowhill Queensway Birmingham B3 2WN	
Funders	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 1NL	Britannia Britannia House 10 Town Road Hanley, Stoke-on-Trent ST1 2QQ
	Santander 2 Triton Square Regents Place London NW1 3AN	
Financial and Business Advisers	BWNL 3 Juniper Lodge 70 Brent View Road London NW9 7EF	

NEW PROGRESS HOUSING ASSOCIATION FIVE YEAR FINANCIAL HIGHLIGHTS for the financial years ended 31 March	2011 £000's	2010 £000's	2009 £000's	2008 £000's	2007 £000's
Income and Expenditure Account					
Turnover	21,064	21,158	20,271	19,502	18,591
Depreciation	1,800	1,811	1,790	1,773	1,603
Operating Surplus	7,228	7,569	6,511	6,499	5,970
Surplus/(Deficit) for year on ordinary activities	1,942	1,659	452	308	(1,007)
Interest Payable	(5,461)	(5,933)	(6,356)	(6,178)	(6,347)
Historical Cost Surplus for year	2,541	2,202	1,076	1,002	566
Cash Flow					
Cash inflow from operating activities	9,835	9,478	9,949	9,204	9,034
Net cash outflows from returns on investments and servicing of finance	(5,413)	(5,897)	(6,285)	(6,184)	(6,408)
Net cash inflow after servicing of finance	4,422	3,581	3,664	3,020	2,626
Acquisition and construction of housing	(10,321)	(3,039)	(5,075)	(5,232)	(3,179)
Capital grants	6,645	379	1,125	1,666	328
Net cash outflow for capital expenditure	(3,317)	(2,396)	(4,133)	(3,321)	5,036
Balance Sheet					
Tangible Fixed Assets	256,800	227,817	222,820	214,738	199,032
Accumulated Depreciation	15,542	13,742	11,931	10,141	8,368
Social Housing Grant	26,375	19,251	17,516	16,391	14,725
Net Tangible Fixed Assets	214,883	194,824	193,373	188,206	175,939
Net Current Assets	3,528	2,864	1,639	974	2,648
Debt greater than one year	116,381	117,395	117,843	115,357	115,864
Pension Liabilities	1,430	1,854	1,279	1,370	936
Reserves	100,600	78,439	75,890	72,453	61,787
Key Statistics					
Operating margin	34.31%	35.77%	32.12%	33.32%	32.11%
Interest cover	167.65%	159.85%	132.99%	133.89%	119.32%
EBITDA	8,795	9,380	8,301	8,272	7,573
Net surplus as a % of turnover	9.22%	7.84%	2.23%	1.58%	-5.42%
Gearing	53.57%	59.74%	60.57%	60.98%	64.88%

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

The Board presents its report and the audited financial statements of the Association for the year ended 31 March 2011.

OPERATING AND FINANCIAL REVIEW

Business Overview

New Progress Housing Association exists to provide high quality housing to a wide range of customers and to improve the environment in which they are situated. The Association is committed to embracing diversity in all its forms, and involves customers and staff in all its activities. It owns and manages some 3,812 general needs and sheltered homes primarily in South Ribble. New Progress Housing Association Limited is a subsidiary of Progress Housing Group Limited.

Objectives and Strategies

The Group's business plan for 2011-2014 provides a challenging and exciting period ahead, which builds on the existing strength of the organisation and will enable new heights in customer services to be reached. The current political and operating environment presents a period of great change and uncertainty, which will bring forward both opportunities and threats. The plan aims to minimise the threats and make the most of the opportunities. Our objectives are backed up by clear performance measures and will be delivered by a dedicated staff team. The organisation's Board members will monitor progress towards these objectives and undertake an annual review of the business plan.

- Our strategic aims include:
- Put customers at the heart of the business
- Serve local communities
- Provide excellent services
- Continue to grow the organisation to meet housing need
- Build an even stronger organisation

In 2011 to 2014, the period our business plan covers, these aims will be delivered by undertaking a number of Group-wide priorities, some of which include:

- Implement the TSA standards and local offers, extend local offers and embed scrutiny throughout the organisation
- Understand and influence the localism agenda
- Continue to improve satisfaction with our services. Increase 'right first time' service delivery.
- Be proactive in the political, policy and economic environment. Determine and influence what the future will look like, both locally and nationally.
- Achieve key financial indicators

Our three-year strategic plan sets out our objectives and outcomes. There are a number of measures the Board will use to monitor achievement of the Group's objectives.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

<u>Strategic Aim</u>	<u>Action</u>
Put customers at the heart of the business	<ul style="list-style-type: none">• We will implement the new TSA standards and set up required monitoring systems• A Scrutiny Panel has been established and its role will be extended to increase tenant empowerment. The panel will provide quarterly reports to the relevant boards.• We will assess satisfaction in our regular, period status surveys
Serve local communities	<ul style="list-style-type: none">• Our boards and tenant groups will receive regular reports on the outcomes of our training, capacity building and employment generation activities• Our boards and tenant groups will receive regular reports on involvement and displacement activities for young people• Publish the achievements of the Community Investment Fund and Panel
Provide excellent services	<ul style="list-style-type: none">• We will assess our key performance indicators on a regular basis• We will publish the revised strategy for older people
Continue to grow the organisation to meet housing and related needs	<ul style="list-style-type: none">• We will assess our performance against specific growth targets detailed in the business plan• We will influence local strategy decisions and feed into Local Investment Partnerships and strategic partnerships
Build an even stronger organisation	<ul style="list-style-type: none">• We will report to Board regularly on performance against our key financial indicators• We will survey our staff on a regular basis, normally bi-annually

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Operating Review and Results for the Year

Performance in the key areas of rent collection and empty property management continues to be strong and both these indicators remain significantly above the national average. Speed of response to repair requests saw a reduction in performance but this was entirely due to the exceptionally poor weather conditions during December and January.

New Progress Housing Association's control centre (which provides social alarm services) successfully retained the Telecare Services Association code of practice for calls handling and installations. The team also exceeded growth projections and now generates in excess of £1.3 million per annum in income for the Group.

The Tenancy Enforcement Team implemented their Witness Protection Strategy during the year and we are delighted to report that as a result we have been shortlisted in the National Housing Federation's "What we are proud of" awards. Earlier in the year the Team also won the Lancashire Constabulary southern division "Problem Orientated Partnership" award for the partnership work undertaken on the Kingsfold estate.

The Community Investment Panel makes awards to community groups and other organisations providing support and assistance to our tenants. Examples of projects supported over the last year include:

- The recruitment of a Young Peoples' Co-ordinator in the Penwortham area for 3 years to help co-ordinate and provide diversionary activities for young people;
- Support to the Gift 92 furniture project which provides recycled furniture to tenants who would struggle to pay for such items;
- 'OfDaStreets' project on the Wade Hall estate to tackle the lack of affordable provision of activities over the school holidays;
- The Worden New Stage Youth Theatre to provide young people with the opportunities to learn and develop different skills in arts work;
- Investment of £100,000 in the Community Foundations Lancashire to create a legacy of funding for communities.

Financial Performance

Turnover for the year decreased by £0.09m, or 0.4%. Operating costs and cost of sales increased by £0.5m, or 3.5%. In addition, there is a £0.2m credit for the exceptional item relating to FRS17 pension. The operating surplus decreased by £0.3m to £7.2m. The surplus on ordinary activities increased by £0.2m, from £1.7m in 2010 to £1.9m in the year.

Cash flow from operating activities increased by 3.8% to £9.8m, mainly due to adding back some £1.8m of depreciation and movements in debtors and creditors. No new loans were required during the year but the Association continued to develop, showing a net capital spend of £3.3m in the year.

Net tangible fixed assets rose to £214.9m, an increase of £20.1m, or 10.3%. This reflects investment in new property and the year-end valuation of the Group's housing stock. Net debt outstanding decreased by £1m, or 0.9%.

The Association had £3.5m net current assets at the end of the year, an increase of £0.7m, this reflects an increase in amounts owed from group companies.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Capital Structure

In common with all Housing Association Registered Providers, New Progress Housing Association is financed by debt of £116.4m (2010: £117.4m), revenue reserves of £3.6m (2010: 0.8m) and capital grants of £26.4m (2010: £19.2m). There is no debt due to be repaid within the next five years.

Treasury Management

The Association's Treasury Management function is under the direction of the Group Finance Director. Advice is also received from the Association's financial and corporate advisers, BWNL who review the Treasury Management Policy/Strategy annually. The primary objective of the Association's Treasury Management Strategy is the provision of financial resources necessary to achieve its purpose and the management of associated risks, financial and operational, that might threaten its ability to do so. The Treasury Management function is not a profit centre.

The Association's interest rate management policy is to have a minimum of 50% fixed rate debt, and individual fixed rate loans shall not exceed 20% of total borrowing obligations within each RP's loan portfolio. The Association has sufficient liquidity in place to meet at least the next 12 months requirements plus an additional buffer.

Operational Performance Indicators

The Association continues to demonstrate upper quartile performance on many of its performance indicators. We regularly monitor and report on key indicators including rent arrears, void losses, repairs and Decent Homes. For a full list of our performance indicators and our current performance against target please visit the Group's website www.progressgroup.org.uk.

Development Activity

53 new units of accommodation achieved, including:

- Allocation received for two new build schemes in Chorley now completed at Devonport Way and Crossehall Lane.
- Successful in securing grant funding for a major town centre site in middle of Leyland.
- Continues to deliver affordable housing through a 106 agreement on Buckshaw Village.

Financial Planning

The Association's latest business plans are strong and can be delivered without any reliance on sales to meet our objectives. Our key strategy remains ensuring we are financially strong, respond to economic and political change and continue to deliver quality services to our customers.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Regulatory Change

The Association's principal regulator is the Tenants Services Authority (TSA) who issued their new regulatory regime for Registered Providers in March 2010. This framework sets out the six national standards that all Registered Providers should adhere to from April 2010 and required providers to prepare an annual report for tenants that set out the Registered Providers progress towards the National Standards. As part of the new regulatory regime the subsidiaries have agreed with their tenants a number of local priorities (local offer) which the subsidiaries will deliver and that will be monitored by the newly established Tenant Scrutiny Panel. Financial regulation is moving to a committee at the Homes and Communities Agency from the TSA. This is expected to come into effect from 1 April 2012.

Employee Involvement

The Association values its staff, and ensures that all staff are given the opportunity to comment on the Group's affairs through a number of facilities such as the Staff Forum, a staff suggestion scheme, and the Group's Intranet. A series of informal briefings are held between management and staff, and every effort is made so that staff have the opportunity to become involved in new initiatives.

The Environment

The Association's Environmental Strategy seeks to ensure that the Association develops and maintains sound environmental practices and minimise the impact on the environment of our business activities. The Association has an Environmental team to facilitate staff suggestions and assist in implementing initiatives. We have committed £2m capital funds to invest in energy efficient projects such as Feed-In-Tariffs, benefiting our customers and the Group.

Customer Involvement

Within New Progress Housing Association the Tenancy Enforcement Team implemented their Witness Protection Strategy during the year which resulted in the Association being shortlisted in the National Housing Federation's "What we are proud of" awards. Earlier in the year the Team also won the Lancashire Constabulary southern division "Problem Orientated Partnership" award for the partnership working undertaken on the Kingsfold estate.

During the year a new Group wide Scrutiny Panel was set up to oversee the implementation of the new standards and to review the operational performance of all the associations in the Group. The Panel is supported by staff but is made up entirely of customers and reports directly to both subsidiary and Group boards. Alongside the work of the Scrutiny Panel the already well established tenant inspection programme was further developed during the year with Group wide mystery shopping exercises now taking place on a regular basis.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Principal Risks and Uncertainties

The Association regularly assesses and reports on the principal risks. The main risks that may prevent us achieving our objectives are:

Impact of Government's Comprehensive Spending Review (CSR)

During 2010/11, the Association has been successful in attracting HCA and other capital grant and continued with our development objectives. The Government has cut the capital funding available for new Social Housing, and Registered Providers are advised to regard HCA Grant as a funding source of last resort.

In order to mitigate the impact on its development programme, the Association intends to use the flexibility of affordable rent tenancies where economic and operationally realistic to do so, and to rely on other sources of funding, such as Recycled Capital Grant Funding, and discounted property acquired under S106 planning conditions to ensure that the impact of the CSR on development programme is managed to an acceptable level.

The Group has made an offer through the Riverside Partnership in accordance with the National Affordable Housing Programme framework for 2011 to 2015.

In addition, the Group receives Supporting People funding for our vulnerable customers and housing benefit for a significant number of our social housing customers. The Government's drive to achieve savings could affect supporting people income, particularly within New Progress Housing Association and New Fylde Housing.

We will assess the overall financial impact of any cuts announced, to supporting people and respond accordingly whilst seeking to maintain an effective service. With regard to housing benefit reform, PCHA has been marginally affected by cuts to income support benefits for its shared ownership independent living initiative in 2010/11. Current developments are secure but future developments under this initiative are unlikely.

Defined Benefit Pension Scheme Liabilities

The Group continues to proactively manage the size of the liability in respect of defined benefit final salary pension schemes. The Group Board has approved closing schemes to new membership, thus reducing the employer cost of pensions and approving additional payments to reduce the pension liabilities.

Loan Facility and Security Position

The Association has sufficient funding facilities for at least the next two years of development. The Association has not entered into any financial commitments which would expose it to commitment risk beyond available facilities.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Exposure to the Housing Market

The Association has limited exposure to the housing market with a small number of shared ownership units in development. The board approves shared ownership developments on a project by project basis, with appropriate exit strategies identified.

Credit, Liquidity, Customer and Supplier Risk

The Association monitors closely rental and other debtors and the solvency of suppliers. The Association has not experienced any material losses in any of these areas but continues to closely monitor any uncertainties relating to the availability of external funding and its cost. The Group will be strengthening the financial inclusion team to ensure an appropriate level of support for anticipated reform of the benefit regime and the introduction of Universal Credit.

Reduction on income

Part of our business includes providing Telecare services. Our existing contract is undergoing a tender process and therefore this contract is at risk.

Risk Management

Risk Management is embedded throughout the Group with each department in the organisation participating in a risk management process, which includes:

- The operation of Risk Maps and Risk Panel Reports
- The Group Audit Committee who act as the Risk Panel on behalf of the Group and its subsidiaries
- Internal Audit carrying out a review of the corporate risk management processes
- Control checks for compliance that are regularly reviewed to ensure the Group adopts best practice.

Corporate Governance

The Group adopted the National Housing Federation's Code of Good Governance in 2004 and seeks at all times to comply with this and with best practice with regards to corporate governance. The Group's compliance with the new code (re issued in July 2010 - Excellence in Governance) is reviewed on an annual basis with the outcome of the review being reported to the Group's Remuneration Committee.

The adoption of and reporting of any variation from the adopted code is part of the Tenants Services Authority regulatory requirements. This statement is therefore part of the Group's regulatory compliance and it is the Group's assertions that it fully complies with the code except in the following areas.

Code area	Actions/Response
D7 Any payment for non-executive must be fully disclosed on a named basis	The Group provides a global figure for the remuneration of its Non Executives
G3 The board must delegate to a committee responsibilities that include oversight of the appraisal of the chief executive and making a recommendation to the board on a remuneration package for the chief executive. The committee must not include any executive members of the board.	Currently the Group board through the Chair undertakes the appraisal of the Chief Executive

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Governance Structure

The Board of Progress Housing Group sets the strategic direction for the Group as a whole through the preparation and monitoring of the Group's business plan and through a series of corporate policies. The framework of control set out in the Intra Group Agreement, Scheme of Delegation, Financial Regulations and the Group's Code of Governance provides the structure of governance within the Group. The Group Board oversees the Group-wide governance, risk management, funding and treasury management matters.

The Group and Subsidiary companies (as outlined above) have established a number of standing committees to progress work on behalf of the group members. Each committee has its own terms of reference as set out within the Group's Code of Governance. The composition of each of the committees and a brief résumé of their role is set out below.

The standing committees of the Group consist of:

Audit and Risk Committee

Comprising up to six Non Executive Directors the committee has responsibility for the oversight of the internal audit programme, recommending the appointment of the external auditors, approving accounting policies and approving the risk control framework.

Remuneration Committee

Comprising up to six Non Executive Directors the committee is responsible for setting remuneration policy and approving the remuneration for staff except the Chief Executive and that of Non Executives, the recruitment of Non Executive Directors and nominations to the Annual General Meeting and approval of personnel policies.

Tenant Scrutiny Panel

The panel consists of up to nine tenants (three from each subsidiary association) and was formed in November 2010. The panel scrutinises the Group's performance against the National Standards and Local Offers and supports the Group in the preparation of the Annual Reports to Tenants.

Directors

The names of the directors who have served during the year are shown on Page 2 and the Board would like to thank them all for their support and continued interest in the work of the Association.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Internal Controls Assurance

Compliance Statement

The Group Board has overall responsibility for establishing and maintaining a comprehensive system of internal control and for reviewing its effectiveness. It does this on behalf of all subsidiaries within the Group.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to provide reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group'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 the Turnbull principles as incorporated within the Housing Corporation Circular 07/07: Internal Controls Assurance (which is still deemed to be best practice).

The processes adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and on-going process of management review in each area of the Group's activities. This process is co-ordinated through a regular monitoring framework, under the responsibility of the Group Director of Finance, and reporting to the Group Audit Committee (in their role as Risk Panel). The executive team regularly considers reports on significant risks facing the Group and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks or new risks as they arise.

The Internal Audit function is resourced in-house and reports directly to the Group Director of Finance although the Terms of Reference ensures that Internal Audit has direct access to all senior management including the Chief Executive and Board Members (Audit Committee and Group Chair). The Internal Audit programme is linked to the risk identification process. The High Level risk register and Departmental risk maps are used as a reference point for internal audit work. All audit reports are reviewed by Audit Committee.

Monitoring and corrective action

The process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management, the Audit Committee and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including Treasury strategy and new investment projects. The Board has adopted and disseminated to all employees, the Group's Code of Conduct. This sets out the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply.

These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud detection and prevention. A comprehensive Board

Member appraisal and training programme has been developed to ensure that Board Members remain professionally updated and are equipped with the skills to meet the needs of the business.

The Group has a strong commitment to its customers and employees and this is demonstrated by way of the external (and continuous) accreditations, examples listed as follows:

- Customer Service Excellence Award (demonstrating customer focus)
- Investors in People (developing the Group's performance through its people)
- Telecare Services Association (compliance with the TSA code of practice)
- Positive About Disabled People (commitment to recruitment, training, retention, consultation and awareness)
- Centre of Housing Support (support for older people)
- Gas Safe Register (improving and maintaining gas safety to the highest standards)
- iN business for neighbourhoods (helping to build better neighbourhoods)
- ISO9001:2008 (effective management systems)

External assurance was also provided from the Tenant Services Authority (TSA) that the Group operates a financially viable business that is properly governed and managed.

It is inherently recognised that the Group does not tolerate fraud and action is taken to reduce the risk of fraud through control systems designed to prevent and detect fraudulent activity. The Fraud Policy, Fraud Response Plan and Whistleblowing (raising concerns at work) Policy are incorporated within the Governance Framework.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board reviews the management accounts each quarter which highlight and explain any significant budget variances. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

The internal control framework and the risk management process are subject to regular review by Internal Audit who is responsible for providing independent assurance to the Board via the Audit Committee. The Audit Committee considers internal control and risks at each of its meetings during the year. All significant new initiatives, major commitments and investment projects are subject to formal review and authorisation through the Funding Appraisal Team (FAT), and require Board approval.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE BOARD

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review and is regularly reviewed by the Board. The results of this process include review of the Group's exposure to risks resulting from the public spending review and the current economic climate, this includes reviewing and responding to issues raised within relevant Financial Reporting Council's reports.

The Board has received the Chief Executives annual report, has conducted its annual review of the effectiveness of the systems of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management framework and control processes. It can confirm that there have been no significant weaknesses in controls resulting in material losses, contingencies or uncertainties, which would have required disclosure in the financial statements.

Donations

The Association made £11,892 of charitable donations during the year (2010: £17,853). During the year the Association made no political donations (2010: £nil).

Going Concern

After making appropriate enquiries, and considering the impact of new developments and activities, the Board is satisfied that no significant risks or exposures exist other than those revealed in the financial statements. The Board also consider that the Group has adequate resources to continue operating for the foreseeable future. For these reasons, therefore, the Board continues to adopt the Going Concern basis in preparing the financial statements.

Statement of Compliance

This operating review has been prepared in accordance with Reporting Statement on the Operating and Finance Review.

Statement of Disclosure to the Auditors

At the time of approval of this report:

- a) so far as the Board Members are aware, there is no relevant audit information of which the Association's auditor is unaware, and
- b) the Board Members have taken all steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Auditors

In line with the Group's financial regulations the audit service has been re-tendered during summer 2010. KPMG were appointed as the Group's auditors.

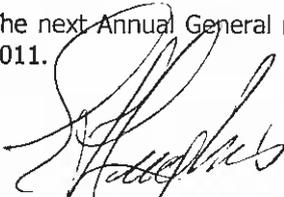
NEW PROGRESS HOUSING ASSOCIATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

REPORT OF THE BOARD

Annual General Meeting

The next Annual General meeting will be held at Ribby Hall, Wrea Green, Lancashire on 13th September 2011.



Secretary

8 August 2011

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF BOARD'S RESPONSIBILITIES

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

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

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE INDEPENDENT AUDITORS

Independent auditor's report to the members of New Progress Housing Association Limited

We have audited the financial statements of New Progress Housing Association Limited for the year ended 31 March 2011 set out on pages 20 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 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 auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 17, the Association's Board is responsible for the preparation of 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.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of New Progress Housing Association Limited as at 31 March 2011 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

REPORT OF THE INDEPENDENT AUDITORS

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

H P Jones

H P Jones (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James' Square
Manchester
M2 6DS

24 August 2011

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Income and Expenditure Account
For The Year Ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	21,064	21,158
Operating costs	2	(14,069)	(13,438)
Exceptional Item - FRS17 change in benefits	25	233	-
Cost of Sales	2	-	(151)
Operating surplus	5	7,228	7,569
Surplus/(Deficit) on disposal of housing assets	6	96	(18)
Interest receivable	7	79	41
Interest payable and similar charges	8	(5,461)	(5,933)
Surplus for the year before and after tax		1,942	1,659

Statement of Historical Cost Surpluses and Deficits
For The Year Ended 31 March 2011

	2011 £'000	2010 £'000
Reported surplus on ordinary activities before and after taxation	1,942	1,659
Realisation of property revaluation reserve on disposals	23	(36)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	576	579
Historical cost surplus on ordinary activities before and after taxation	2,541	2,202

The Association is charitable and exempt from corporation taxation under the provisions of S505 ICTA 1988.

Statement of Total Recognised Surpluses and Deficits
For The Year Ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Surplus for the year before and after tax		1,942	1,659
Unrealised gain on revaluation	17	19,967	1,425
Actuarial gain/(loss) on pension fund assets	17/25	252	(535)
Total surpluses recognised since last annual report		22,161	2,549

The notes on pages 23 to 36 form an integral part of the financial statements.

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Balance Sheet
As at 31 March 2011

	Notes	2011 £'000	2010 £'000
Tangible Fixed Assets			
Housing Properties at Valuation/Cost	9	240,472	213,249
Social Housing and Other Capital Grants	9	<u>(26,375)</u>	<u>(19,251)</u>
		214,097	193,998
Other Tangible Fixed Assets	10	<u>786</u>	<u>826</u>
		214,883	194,824
Current Assets			
Debtors	11	4,358	2,293
Investments	12	1,031	2,454
Cash at bank		<u>51</u>	<u>133</u>
		5,440	4,880
Less Creditors			
Amounts falling due within one year	13	<u>(1,912)</u>	<u>(2,016)</u>
Net current assets		<u>3,528</u>	<u>2,864</u>
		218,411	197,688
Total assets less current liabilities			
		<u>218,411</u>	<u>197,688</u>
Creditors			
Amounts falling due after more than one year	14	116,381	117,395
Pension liability	25	1,430	1,854
Capital and reserves			
Non equity share capital	16	-	-
Revaluation reserves	17	96,519	77,151
Designated reserves	17	442	442
Revenue reserves	17	<u>3,639</u>	<u>846</u>
		218,411	197,688

The notes on pages 23 to 36 form an integral part of the financial statements.

The financial statements on pages 20 to 36 were approved by the Board of Management on 8 August 2011 and were signed on its behalf by:


 Board Member

 Secretary

E. Hughes


 Board Member

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Cash Flow Statement
For The Year Ended 31 March 2011

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities		9,835	9,478
Returns on investments and servicing of finance	22	(5,413)	(5,897)
Capital expenditure			
Acquisition and construction of housing properties		(10,321)	(3,039)
Social Housing grant received		6,645	379
Purchase of other fixed assets		(25)	(12)
Proceeds of sales of housing properties		384	276
		(3,317)	(2,396)
Net cash (outflow)/inflow before management of liquid resources and financing		1,105	1,185
Management of liquid resources			
Cash withdrawn from/(placed in) short term deposits		1,423	(1,116)
Intercompany Loan		(1,500)	-
		(77)	(1,116)
Financing	22		
Loans received/(amortised)		(7)	(426)
Loans repaid		(1,103)	(20)
		(1,110)	(446)
(Decrease)/increase in cash		(82)	(377)
Reconciliation of operating surpluses to net cash inflow from operating activities			
Operating surplus		7,228	7,569
Depreciation charges		1,800	1,811
Difference between pension charge and cash contributions		61	40
Exceptional Item - FRS17 change in benefits		(233)	-
Cash outflow from decrease in debtors		443	1,451
Cash inflow from increase/(decrease) in creditors		536	(1,393)
Net cash inflow from operating activities		9,835	9,478
Reconciliation of net cash flow to movement in net debt			
(Decrease) in cash in the period		(82)	(377)
(Decrease)/increase in liquid resources		(1,423)	1,116
Change in loans - cash decrease		1,117	872
Change in loans - amortisation of loan issue costs		(7)	(426)
Change in net debt		(395)	1,185
Net debt at 1 April		(114,904)	(116,089)
Net debt at 31 March	22	(115,299)	(114,904)

NEW PROGRESS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

New Progress Housing Association Limited is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority as a Registered Provider.

(1) Basis of Accounting

The financial statements of the Association are prepared in accordance with applicable financial reporting standards in the UK and the Statement of Recommended Practice for Registered Social Landlords (SORP) issued in 1999 and updated in 2008, and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

The financial statements are prepared under the historical cost convention, with the exception of the annual revaluation of completed housing properties.

(2) Turnover

Turnover comprises:

- Rental income receivable from tenants and leaseholders in the year;
- Income from other services supplied in the year excluding VAT;
- Income receivable from charges made to fellow Group subsidiaries under Service Level Agreements.
- Income from sales of housing properties.

(3) Housing Properties

Completed housing properties are stated at valuation on the basis of existing use for social housing ("EUV-SH") as at 31 March 2011. Housing properties in the course of construction are stated at cost less Social Housing Grant ("SHG") and are transferred to housing properties held for letting when completed.

Depreciation is charged on a straight-line basis, as advised by the Association's valuers. The useful economic life of all properties has been taken as 80 years.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

(4) Social Housing Grant and Other Capital Grants

SHG can be recycled by the Registered Provider under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Tenant Services Authority. However, SHG may have to be repaid if certain conditions are not met.

The net SHG received and not spent is included in current liabilities, taking into account all properties under construction.

In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

(5) Capitalisation of Interest and Development Overheads

Interest is capitalised on loans financing schemes in development up to the point of practical completion. This is calculated by reference to the Association's cost of borrowing and the relevant development costs.

Administration costs relating to development activities are capitalised based on an apportionment of the support costs directly incurred on this activity.

(6) Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis, at rates considered appropriate to write off the assets over their effective working lives as follows:

- Fixtures and Fittings in furnished properties over 3-5 years or the length of the lease.
- Freehold Commercial properties over 30 years.

(7) Pensions

New Progress Housing Association Limited participates in two pension schemes, Lancashire County Council's Superannuation Fund and the Social Housing Pension Scheme administered by the Pensions Trust. Contributions to the pension schemes are calculated as a percentage of pensionable salaries of employees, determined in accordance with actuarial advice. The cost of providing a pension is charged to the period over which the Association's benefits from the employee's service, in accordance with FRS17.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

(8) Works to Existing Properties

The Association capitalises expenditure on housing property which substantially adds to the value of the property or substantially extends its useful life, or which generates an increase in net rental income or a substantial reduction in future maintenance costs.

(9) Taxation

The Association has charitable status and no liability to Corporation tax arises on its surplus for the year. For the same reasons, no provision is made for deferred taxation.

(10) Value Added Tax

The Association is registered for VAT. A large proportion of its income, including rents, is exempt from VAT. Most of its expenditure is subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Any VAT recovered under the partial exemption rules is credited to the Income and Expenditure Account.

(11) Stock

Stock of housing for sale is stated at the lower of cost and net realisable value.

(12) Bad and Doubtful Debts

The Association provides against rent arrears of current and former tenants to the extent that they are considered to be irrecoverable.

(13) Finance Leases

Assets held under finance leases are recorded in the balance sheet as fixed assets and as an obligation to pay future rentals.

(14) Recycling of Capital Grant

Where social housing grant is recycled the SHG is credited to a fund which appears as a creditor until spent.

(15) Service Charge Sinking Funds

Service charge sinking funds are dealt with as creditors.

(16) Designated Reserves

The designated reserves are to cover furniture and equipment, lift replacements and to fund equipment under the Silver Surfers policy. Contributions to the reserves are either through rent and service charge income for designated items or for Silver Surfers, a grant was provided.

NEW PROGRESS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

(17) Finance Costs

Finance costs are written off over the life of the loan. During refinancing any residual old loan costs are written off in the year.

(18) Properties Managed by Agents

Where the RP carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Income and Expenditure Account.

Where the agency carries the majority of the financial risk, the Income and Expenditure Account includes only that income and expenditure which relates solely to the RP.

In both cases, the assets and associated liabilities are included in the balance sheet.

(19) Supporting People

This income includes Supporting People (SP) contract income received from Administering Authorities, plus support charges to individual tenants. When accounted for as part of rent, the income is shown as "charges for support services" in income from Social Housing Lettings. The related costs are shown as "support" expenditure in expenditure from Social Housing Lettings.

If the charges to individuals are not dealt with as part of rent, the income and related costs are shown as "other supporting people income" in Other Social Housing Activities.

SP contract income received from Administering Authorities and not dealt with as part of the rent, is shown as "Supporting People contract income" in Other Social Housing Activities.

(20) First Tranche Shared Ownership Sales

The Association has adopted the accounting treatment per the SORP 2008 such that:

- SO properties are split proportionally between current and fixed assets based on the first tranche proportion;
- First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover; and
- The remaining element of the SO property is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

2 Turnover, Operating Costs and Operating Surpluses

	2011			
	Turnover £'000	Operating Costs £'000	Cost Of Sales £'000	Operating Surplus £'000
Social Housing Lettings (note 3a)	16,718	(12,799)	-	3,919
Other Social Housing Activities (note 3b)				
Lease income	3,278	(386)	-	2,892
Non Social Housing Activities (note 3c)				
Lettings	5	-	-	5
Other	1,063	(884)	-	179
Total	21,064	(14,069)	-	6,995
Exceptional Item - FRS17 change in benefits	-	-	-	233
Operating Surplus				7,228

	2010			
	Turnover £'000	Operating Costs £'000	Cost Of Sales £'000	Operating Surplus £'000
Social Housing Lettings (note 3a)	16,623	(12,318)	-	4,305
Other Social Housing Activities (note 3b)				
Lease income	3,379	(386)	-	2,993
Development For Sale				
Shared ownership property sales	163	-	(151)	12
Non Social Housing Activities (note 3c)				
Lettings	4	-	-	4
Other	989	(734)	-	255
Total	21,158	(13,438)	(151)	7,569

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

3(a) Income and Expenditure From Social Housing Lettings

	General needs housing £'000	Supported housing and housing for older people £'000	Shared Ownership £'000	Total 2011 £'000	Total 2010 £'000
Income					
Rent receivable net of identifiable service charges	11,000	3,379	9	14,388	14,449
Service income	319	918	1	1,238	1,073
Charges for support services	4	1,088	-	1,092	1,101
Net rental income	11,323	5,385	10	16,718	16,623
Turnover from social housing lettings	11,323	5,385	10	16,718	16,623
Expenditure					
Management	(3,917)	(676)	-	(4,593)	(4,565)
Services	(348)	(686)	-	(1,034)	(1,019)
Routine maintenance	(2,533)	(160)	-	(2,693)	(2,634)
Planned maintenance	(646)	(1)	-	(647)	(811)
Major repairs expenditure	(1,596)	(369)	-	(1,965)	(1,739)
Bad debts	(241)	(22)	-	(263)	(103)
Depreciation of housing properties	(1,122)	(311)	(1)	(1,434)	(1,389)
Other costs	(170)	-	-	(170)	(58)
Operating costs on social housing lettings	(10,573)	(2,225)	(1)	(12,799)	(12,318)
Operating surplus on social housing lettings	750	3,160	9	3,919	4,305
Void losses (included within net rental income)	(102)	(68)	-	(170)	(220)

3(b) Turnover From Social Housing Activities

	2011 £'000	2010 £'000
Other		
Lease income from related companies	3,278	3,379
	3,278	3,379

3(c) Turnover From Non-Social Housing Activities

	2011 £'000	2010 £'000
Lettings		
Market Renting	5	4
Other		
Control Centre activities	929	899
Agency agreements	52	47
Other	82	43
	1,063	989

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

4 Accommodation In Management

	2011 No. Units	2010 No. Units
General needs housing	2,752	2,700
Leasehold housing for older people	5	5
Market rented	1	1
Supported housing (sheltered accommodation)	974	983
Other non-social housing	80	96
	<u>3,812</u>	<u>3,785</u>

Accommodation Managed by Others

	2011 No.	2010 No.
General needs housing	25	25
	<u>25</u>	<u>25</u>

5 Surplus For The Year

	2011 £'000	2010 £'000
Is stated after charging:-		
Auditors remuneration (including VAT)		
In their capacity as auditors	9	11
In respect of other services	1	2
Payments under Operating Leases		
- Motor Vehicles	18	14
Depreciation of Tangible Fixed Assets		
- Housing Properties	1,735	1,744
- Other Fixed Assets	66	68
	<u>66</u>	<u>68</u>

6 Surplus/(Deficit) on Disposal of Housing Assets

	2011 £'000	2010 £'000
Sale Proceeds	377	223
Cost of Sales	(276)	(295)
Other Operating Costs/(Income)	(5)	54
	<u>96</u>	<u>(18)</u>

7 Interest Receivable

	2011 £'000	2010 £'000
Bank interest receivable	14	18
Interest receivable from group companies	65	23
	<u>79</u>	<u>41</u>

8 Interest Payable and Similar Charges

	2011 £'000	2010 £'000
On bank loans:		
Repayable wholly or partly in more than 5 years	5,416	5,860
Amortisation of loan issue costs	16	15
Pension scheme finance costs	57	63
	<u>5,489</u>	<u>5,938</u>
Less : Interest capitalised @ 4.21%	(28)	(5)
	<u>5,461</u>	<u>5,933</u>

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

9 Tangible Fixed Assets - Housing Properties

	Housing Properties Completed	Housing Properties Under Construction	Shared Ownership Completed	2011 Total	2010 Total
	£'000	£'000	£'000	£'000	£'000
Cost (net of SHG) or valuation					
At 1 April	193,520	258	220	193,998	192,492
Additions	657	2,464	3	3,124	2,084
Transferred on completion	2,666	(2,666)	-	-	-
Disposals	(1,189)	-	(44)	(1,233)	(295)
Depreciation	(1,744)	-	(2)	(1,746)	(1,744)
Depreciation written out	10	-	1	11	-
Surplus on revaluation	19,911	-	32	19,943	1,461
As at 31 March	213,831	56	210	214,097	193,998
Cost or valuation is represented by:-					
Gross cost	158,410	243	236	158,889	149,299
Less:					
Social housing and other capital grants	(25,960)	(187)	(228)	(26,375)	(19,251)
Depreciation	(14,932)	-	(4)	(14,936)	(13,201)
Revaluation reserve	96,313	-	206	96,519	77,151
	213,831	56	210	214,097	193,998

The above valuation in respect of Housing Properties completed comprises

	Housing Properties Completed		Shared Ownership Completed	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Freehold Properties	200,222	181,213	-	-
Long leasehold Properties	13,609	12,307	210	220
Total	213,831	193,520	210	220

Housing properties held for letting were professionally valued by Driver Jonas Deloitte, chartered surveyors, on the basis of open market value for social housing existing use (OMV-EU) as at 31 March 2011. The valuation was undertaken in accordance with the RICS Statements of asset valuation practice and guidance notes. In preparing the valuation, the valuer made use of discounted cash flow methodology and key assumptions made concerning future rental flows, the rate of turnover of existing tenants and the discount rate. The discount rate used was 5.9% (2010:6.5%).

The valuer has estimated the existing use value - social housing of all completed properties at year end to be £214m at the date of valuation (2010: £193.8m).

The cost includes £28k of interest capitalised in the year (2010: £5k).

Property costs include an apportionment of staff time directly spent on the administration of development activities amounting to £87k (2010: £113k).

Major Repairs, Renewals and Improvements	2011 £'000	2010 £'000
Capitalised	658	855
Charged to revenue	1,965	1,739
	2,623	2,594

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

10 Other Tangible Fixed Assets

	Freehold Commercial Properties	Fixtures and Fittings	2011 Total	2010 Total
	£'000	£'000	£'000	
Cost				
At 1 April	929	438	1,367	1,356
Additions	-	25	25	12
At 31 March	929	463	1,392	1,368
Depreciation				
As at 1 April	143	397	540	474
Charge for the year	31	35	66	68
At 31 March	174	432	606	542
Net Book Value				
At 31 March	755	31	786	826

11 Debtors

	2011 £'000	2010 £'000
<i>Amounts falling due within one year :</i>		
Rent and service charge arrears	1,186	1,184
Less provision for bad debts	(658)	(576)
	528	608
Prepayments and accrued income	143	1,392
Amounts owed by group companies	2,890	76
Trade debtors	790	242
Less provision for bad debts	(73)	(32)
Capital grants receivable	75	-
Other debtors	5	7
	4,358	2,293

12 Current Asset Investments

	2011 £'000	2010 £'000
Bank deposits accessible on demand	1,031	2,454

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

13 Creditors : Amounts falling due within one year

	2011	2010
	£'000	£'000
Loan principal	-	96
Rent and services received in advance	357	335
Trade creditors	614	167
Amounts owed to group companies	53	24
Capital grants in advance	126	530
Capital accruals and deferred income	622	759
Recycled capital grant fund	15 34	-
Interest on housing loans	74	77
Taxation and social security payable	32	28
	1,912	2,016
	1,912	2,016

14 Creditors : Amounts falling due after more than one year:

	2011	2010
	£'000	£'000
Housing loans	116,381	117,395
	116,381	117,395
	116,381	117,395

Maturity of debt

Housing loans, repayable in instalments as follows:-

	2011	2010
	£'000	£'000
Within one year or on demand	-	96
In more than one year but not more than two years	-	92
In more than two years but not more than five years	-	248
In more than five years	117,000	117,667
Total Loans	117,000	118,103
Less loan issue costs	(619)	(612)
	116,381	117,491

Housing loans are secured by fixed charges on the associations assets. They include fixed and variable rate loans, at various rates, between 2.47% and 5.58%.

New Progress Housing Association has committed, undrawn facilities of up to £45m as part of a joint facility with a related company.

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

15 Recycled Capital Grant Fund

	2011 £'000	2010 £'000
At 1st April	-	-
To fund	34	-
At 31st March	<u>34</u>	<u>-</u>

16 Non-Equity Share Capital

	2011 No. of Shares	2010 No. of Shares
Allotted Issued and Fully Paid:		
At 1 April	10	11
Issued during the year	1	-
Surrendered during the year	<u>(1)</u>	<u>(1)</u>
At 31 March	<u>10</u>	<u>10</u>

The shareholders do not have a right to any dividend or distribution upon winding-up. Each shareholder has full voting

17 Reserves

	Revaluation Reserves £'000	Designated Reserves £'000	Revenue Reserves £'000	2011 £'000	2010 £'000
At 1 April	77,151	442	846	78,439	75,890
Surplus for the year ended 31 March	-	-	1,942	1,942	1,659
Gain on revaluation	19,967	-	-	19,967	1,425
Difference between depreciation on valuation and historic cost basis	(576)	-	576	-	-
Realised on property sales	(23)	-	23	-	-
Actuarial gain/(loss) on pension scheme	-	-	252	252	(535)
At 31 March	<u>96,519</u>	<u>442</u>	<u>3,639</u>	<u>100,600</u>	<u>78,439</u>

Designated Reserves include replacement fixtures and fittings, lift replacements and lifeline equipment.

18 Capital Commitments

	2011 £'000	2010 £'000
Capital expenditure contracted but not provided for in the financial statements	4,123	2,324
	<u>4,123</u>	<u>2,324</u>
New Progress Housing Association expects these commitments to be financed with:		
Grants	596	1,887
Committed loan facilities	3,527	437
	<u>4,123</u>	<u>2,324</u>

19 Contingent Liabilities

There are no contingent liabilities. (2010: none)

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

20 Employee Information

	2011 No.	2010 No.
The average number of persons employed during the year was:		
Office staff	74	73
Cleaners	12	12
	<hr/> 86	<hr/> 85
Full time equivalents	<hr/> <hr/> 66	<hr/> <hr/> 65

Staff costs (for the above persons)

	2011 £'000	2010 £'000
Wages and salaries	1,344	1,280
Social security costs	103	95
Other pension costs	157	140
	<hr/> 1,604	<hr/> 1,515

21 Emoluments of the Board and Directors

The ultimate parent undertaking, Progress Housing Group Limited remunerates the Executive and Non - Executive Directors.

22 Cash Flow Statement Notes

	2011 £'000	2010 £'000
Returns on investments and servicing of finance		
Interest received	79	41
Interest paid	(5,492)	(5,938)
	<hr/> (5,413)	<hr/> (5,897)
Financing		
Loans received/(amortised)	(7)	(426)
Loans repaid	(1,103)	(20)
	<hr/> (1,110)	<hr/> (446)

	At 1 April £'000	Cashflows £'000	Other Changes £'000	At 31 March £'000
Analysis of net debt				
Cash in hand, at bank	133	(82)	-	51
	<hr/> 133	<hr/> (82)	<hr/> -	<hr/> 51
Current asset investments	12	2,454	(1,423)	-
Debt due within one year	(96)	96	-	1,031
Debt due after one year	(117,395)	1,021	(7)	-
	<hr/> (114,904)	<hr/> (388)	<hr/> (7)	<hr/> (116,381)
Total	<hr/> <hr/> (114,904)	<hr/> <hr/> (388)	<hr/> <hr/> (7)	<hr/> <hr/> (115,299)

23 Related Party Transactions

The Association has taken advantage of the exemption not to disclose related party transactions under FRS8.

24 Ultimate Parent Company

The Association's ultimate parent company is Progress Housing Group Limited. Progress Housing Group Limited consolidated financial statements can be obtained from the Group's registered office:

Sumner House
21 King Street
Leyland
PR25 2LW

25 Pension Obligations

The Group participates in two pension schemes, Lancashire County Council's Superannuation Fund and the Social Housing Pension Scheme administered by the Pensions Trust. The LCC is a defined benefit scheme and SHPS has both defined benefit and defined contribution within its scheme, and detailed regulations govern the rates of pension contribution by both employees and the Group. Benefits are normally in the form of a lump sum retirement grant plus an annual pension.

Employer's contributions are based on percentages of employees' earnings as recommended by the actuary of the fund in his valuation.

The ability of the pension funds to provide statutory benefits is assessed every three years by an independent professionally qualified actuary, and employer's contributions are reviewed in light of the actuary's report.

LANCASHIRE COUNTY PENSION FUND

The most recent full actuarial valuation of the fund was as at 31 March 2010, the results of which were:

Valuation Method	Projected Unit
Value of Assets	£3,962 million

The Group's employers' contributions to the fund during the year were equal to 19.2% of pensionable salary in the year, and amounted to £1,081,301. The following table details the numbers of staff who are members of the fund (2009/10 figures in brackets). The Group parent, Progress Housing Group Limited paid an additional £400k at the end of March 2011 (2009: £300k) into the fund.

	Employers' Contributions		No. Staff	
	2011	2010	2011	2010
	£	£		
New Progress Housing Association	130,509	(116,482)	32	(30)
Progress Care Housing Association	138,158	(133,900)	29	(33)
Progress Housing Group	812,634	(728,066)	146	(155)
One-off Additional Contribution	400,000	(300,000)		
Total Group	1,481,301	(1,278,448)	207	(218)

Financial Reporting Standard 17 disclosures

Actuarial Assumptions	At 31/03/11		At 31/03/10			
	Expected Rate of Return	Market Value at 31 March 2011	% Split of Assets	Expected Rate of Return		
	%	£'000	%	%		
Rate of RPI Inflation	3.50%			3.50%		
Rate of CPI Inflation	3.00%			3.00%		
Rate of Increase in Salaries	5.00%			5.25%		
Rate of Increase in Pensions	3.00%			3.50%		
Discount Rate	5.50%			5.70%		
Asset Information	Expected Rate of Return	Market Value at 31 March 2011	% Split of Assets	Expected Rate of Return	Market Value at 31 March 2010	% Split of Assets
	%	£'000	%	%	£'000	%
Equities	7.50	14,301	64.00	7.50	11,526	66.00
Government Bonds	4.40	1,564	7.00	4.50	1,222	7.00
Other Bonds	5.10	3,128	14.00	5.20	2,095	12.00
Property	6.50	1,788	8.00	6.50	873	5.00
Cash/Liquidity	0.50	223	1.00	0.50	698	4.00
Other	7.50	1,341	6.00	7.50	1,048	6.00
Total Market Value of Assets		22,345	100		17,462	100
Present Value of Scheme Liabilities		29,221			28,245	
Net Pension Liability before tax asset		(6,876)			(10,783)	
NPHA Allocation		(1,430)			(1,854)	

The allocation is based on the number of direct employees.

The following disclosures relate to the Group as a whole:

Balance Sheet Items as at 31 March	2011 £000's	2010 £000's
Present Value of Funded Benefit Obligations	29,157	28,172
Present Value of Unfunded Benefit Obligations	64	73
Total Present Value of Benefit Obligations	29,221	28,245
Fair Value of Plan Assets	(22,345)	(17,462)
Deficit before deferred tax asset	6,876	10,783
Components of pension cost for period to 31 March	2011 £000's	2010 £000's
Current Service Cost	1,123	650
Interest on Pension Liabilities	1,639	1,338
Expected Return on Assets	(1,166)	(812)
Past Service (Gain)/Cost	(1,934)	0
Effect of Curtailments or Settlements	0	140
Total pension cost recognised in I&E	(338)	1,316
Statement of Recognised Gains and Losses		
Actuarial gains/(losses)	2,082	(4,493)
Total pension cost recognised in the STRGL	2,082	(4,493)

NEW PROGRESS HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Change in Benefit Obligation during period to 31 March

	2011 £000's		2010 £000's	
	Unfunded Benefits	All Benefits	Unfunded Benefits	All Benefits
Benefit Obligation at beginning of period	73	28,245	63	18,524
Current Service Cost	0	1,123	0	650
Interest on Pension Liabilities	4	1,639	4	1,338
Member Contributions	0	377	0	355
Past Service Cost	(4)	(1,934)	0	0
Actuarial (gains)/losses on liabilities	(4)	266	14	7,892
Curtailments	0	0	0	140
Settlements	0	0	0	0
Benefits/transfers paid	(5)	(495)	(8)	(654)
Business combinations	0	0	0	0
Benefit Obligation at end of period	64	29,221	73	28,245

Change in Plan Assets during period to 31 March

	2011 £000's		2010 £000's	
	Unfunded Benefits	All Benefits	Unfunded Benefits	All Benefits
Fair value of plan assets at beginning of period	0	17,462	0	12,264
Expected return on plan assets	0	1,166	0	812
Actuarial gains/(losses) on assets	0	2,348	0	3,399
Business combinations	0	0	0	0
Settlements	0	0	0	0
Employer contributions	5	1,487	8	1,286
Member contributions	0	377	0	355
Benefits/transfers paid	(5)	(495)	(8)	(354)
Fair value of plan assets at end of period	0	22,345	0	17,762
Actual Return on Plan Assets		1,465		4,211
Experience gains/(losses) on Assets		2,348		3,399
Experience gains/(losses) on Liabilities		(343)		0

Post retirement mortality assumptions

Non-retired members (retiring in the future in normal health)	PA92mc YoB Tables + 1 year	PA92mc YoB Tables + 1 year
Current pensioners (retired in normal health)	PA92mc YoB Tables + 1 year	PA92mc YoB Tables + 1 year

Life expectancy

of a male (female) future pensioner aged 65 in 20 years time	23.0 (25.8) years	22.2 (25.0) years
of a male (female) current pensioner aged 65	21.6 (24.2) years	21.2 (24.1) years

Market value of total fund assets (£ millions)

4,197	3,718
(value as at 31 December 2010)	(value as at 31 December 2009)

SOCIAL HOUSING PENSION SCHEME

The Association participates in the SHPS (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to the individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from the total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The Scheme actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80%.

The next formal triennial valuation of the Scheme is due as at 30 September 2011. The results of the valuation will be available in the Autumn of 2012.

The Group has operated the defined benefit structure final salary with a 1/60th accrual rate for active members as at 31st March 2010. The Group has closed the defined benefit scheme to new entrants. For any new employees, they have been eligible to join the defined contribution benefit structure which was made available from 1 October 2010.

During the accounting period, the Group has contributed 16.3% to the defined benefit scheme and 7.5% to the defined contribution scheme.

As at the balance sheet date there were 60 active members of the Scheme and the annual pensionable payroll in respect of these members was £1.791m.

Exceptional Item - FRS17 change in benefits

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The Association has considered the LGPS scheme rules and associated members' literature and has concluded that this change is a change in benefits and so has recognised the resulting credit of £0.23m in the Income & Expenditure account.

New Progress Housing Association Limited is a subsidiary of Progress Housing Group Limited.

Registered with the Tenant Services Authority (LH4032)

Charitable Industrial and Provident Society (27792R)



NEW PROGRESS
HOUSING ASSOCIATION LIMITED

The registered office for Progress Housing Group Limited and its subsidiaries is:
Sumner House, 21 King Street, Leyland, Lancashire PR25 2LW

Telephone: 01772 450600

Website: www.progressgroup.org.uk

Email: enquiries@progressgroup.org.uk