



Annual Financial Statements
Year ended 31st March 2011

Company Information

Board Members

Council Nominees	James O'Sullivan	Resigned 30.06.10
	Sami Hashmi	Resigned 30.06.10
	Alec Castle	Resigned 30.06.10
	Benjamin Ogunro	Appointed 30.06.10
	Lesley Jones	Appointed 30.06.10
	Arthur Steele	Appointed 30.06.10
		Deceased 01.01.11
	Reginald Colwill	Appointed 21.02.11
	Janice Long	Resigned 07.07.11
	Bobby Thomas	Appointed 07.07.11
Resident Members	Joyce Baldy-Gray	
	Karin Jaeger	
	Dennis Woolcock	
	Chirag Pandya	Resigned 28.07.11
	David Unwin	
	Brian Litchfield	
	Shaidah Ramzan	
Independent Members	Kathy Ellison, Chair	
	Annette Collins	
	David Offenbach	
	Colin Moone	
Executive Team	Gerry Doherty	Interim Chief Executive
	Gary Chase	Director of Finance (Resigned 31.07.11)
	Ian Warner	Interim Director of Finance (Appointed 01.08.11)
	Sandra Royer	Director of Housing Management Services (Resigned 30.09.10)
Company Secretary	Linda Footer	
Registered Office	Chancel House Neasden Lane London NW10 2UF	
Registered number	04533752	
Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London, SE1 2RT	

Bankers National Westminster
Wembley Park Branch
15 Bridge Road
Wembley Park
Middlesex HA9 9AE

Solicitors Winckworth Sherwood
5 Montague Close
London SE1 9BB

Report of the Board

The Board is pleased to present the financial statements of Brent Housing Partnership Limited for the year ended 31st March 2011.

Principal Activities

Brent Housing Partnership Limited (“Brent Housing Partnership” and/or “BHP”), (the Company) is a local authority controlled company of the London Borough of Brent (the Council) established with no share capital and limited by guarantee.

The Company manages and maintains Council properties on behalf of the Council with the primary goal of providing an excellent housing management service to all our service users. This includes letting void properties and carrying out a full repairing service to council properties. In addition the company is a landlord in its own right having acquired 203 properties up to 31st March 2011 which are a mixture of social and market rented properties. During the year the Company received ‘Registered Provider’ status from the Tenant Services Authority enabling the Company to bid for government funding for future housing developments. Further information is provided within the review of risks facing the company as to the associated plans.

The Company is paid a management fee by the Council to manage the budgets associated with the above functions on their behalf. The budgets amounted to £16,907,000 revenue and £18,443,000 million capital in 2010-2011.

Review of Risks facing the Company

The Company made a profit after taxation of £4,450,906 compared with a loss of £2,163,188 in 2009-2010.

The profit in 2010-2011 includes an adjustment of £3,720,000 following the government’s decision to link future pension payments to CPI rather than RPI. Without this adjustment, the profit would have been £730,906.

The Company entered into additional loan facilities in order to finance the continued acquisition of new properties. The total loan facilities as at 31st March 2011 were £25,681,200 and following the year-end in June 2011, the Company entered into a further loan facility of £46,385,294 making a total of £72,066,494.

The Pensions liability continues to impact on BHP’s Balance Sheet and this is the reason for negative reserves on the face of the Balance Sheet.

The Company has produced income from other external sources of £1,450,802 (£603,363 in 2009-2010) from activities including consultancy services and continues to be focused on seeking other sources of income and new business opportunities.

BHP has added to its portfolio of properties and at the end of March 2011 owned 203 dwellings; 133 for social rent, 45 market rent and 25 intermediate rent. BHP successfully applied and received 'Registered Provider' status with the Tenant Services Authority (TSA) at the end of the financial year. This means that the Company will be regulated against the TSA's standards, which were developed in consultation with residents, for our social housing.

The Brent Direct Leasing scheme (BDL) whereby the Company provides Housing Management Services for properties leased to the Council by private landlords continues to provide additional income. In 2010-2011 the scheme provided the Company with £413,313 additional income (£389,177 in 2009-2010). The Company was awarded a contract to continue to manage these properties when the Council re-tendered the contract during 2010-2011.

Future Developments

BHP is negotiating a new management agreement with the Council which will include discussions about shared services, and presents the opportunity to review the scope of existing service provision, and build on established good practice in service delivery.

We will complete the settled homes acquisition programme by March 2012. The management of a directly owned mixed tenure portfolio provides a platform for pursuing new opportunities which may arise to help meet housing need in Brent.

Review of Financial Risks

Income on BHP owned stock

Nature and Context of the Risk – BHP, as part its sustainability strategy adopted a policy of acquiring assets as a means of utilising its reserves and providing, in the longer term, an additional income stream that will partially offset the loss of income associated with a variety of council stock losses. BHP has only been able to undertake substantial loan obligations because it has been able to set aside a proportion of its management fee, through operational savings and additional income generation to manage the associated risks. If BHP is not in a position to meet its loan obligations and unable to take action to meet its obligations then the company would be trading unlawfully as it was unable to meet its debts as they fell due. Board members in this situation would need to have clear and independent legal/financial advice in these circumstances.

Mitigation Strategy: The Business Plan contains a number of assumptions that are considered prudent including rent assumptions and void losses. In addition BHP has the ability to sell void properties in defined circumstances.

Loans

Nature and Context of the Risk – BHP has an £18M loan facility with Brent Council for the purchase of Granville New Homes (GNH) and an agreed additional facility of £8m to assist in purchase of dwellings in connection with the Settled Homes Initiative (SHI). The loans are free of the normal covenants concerning loan to value ratios but nevertheless are a risk to the business and the overall business requires a contribution from BHP reserves over a period of time.

Mitigation Strategy: The Director of Finance has implemented a Treasury Management policy that minimises recourse to council loans that will reduce interest rates payable.

Deflation

Nature and Context of the Risk – The business plan is predicated on a base inflation rate (RPI) of 2.5% throughout the plan. This is the general social housing sector business plan model assumptions. Rents are predicated on a rise of RPI + 0.5% reflecting government's view that real wage increases are generally prevalent in the economy over the longer term and social housing rents should increase broadly in line with wages. Market rents have a differing pattern of movement based upon supply and demand. However it is considered prudent to adopt the social housing model for these dwellings.

Mitigation Strategy: To ensure BHP continues to make operating surpluses as a potential contingency to manage.

Review of Strategic Risks

Public Spending Cuts

Nature and Context of the Risk – BHP generally receives its resources from the Council in two ways, from the HRA and through the Council's capital programme. A small amount of net resources is generated through other BHP activities, e.g. consultancy services to other housing organisations. BHP as a company is at risk directly through reductions in the management fee but also through reductions in overall resources for providing services. Reductions in overall resources for services will result in less customer satisfaction which will inevitably affect BHP's reputation as the Council's managing agent.

It is generally agreed that the macro economic position of the UK economy is not particularly strong, necessitating reductions in government borrowing/expenditure irrespective of which party gain power in the forthcoming general election. This is likely to adversely impact on resources available for social housing generally and council housing in particular. The impact of reductions on council housing may be mitigated by changes to the HRA regime.

BHP is in a strong position to deal with these matters through proactive planning with the Council. BHP will continue to review both costs and operating practices to ensure that it is able to effectively respond to future pressures/policy changes.

Review of Operational Risks

Health and Safety Systems

Nature and Context of the Risk – Health and Safety has increasingly become more high profile for those organisations involved in housing management. Neither the Council's managing agent nor the landlord (the Council) can absolve themselves from statutory responsibility for Health and Safety. In the main, Health and Safety concerns BHP's responsibility as an employer and those relating to its obligations as the landlord's managing agent.

Mitigation Strategy: Regular risk assessments and follow up actions.

Health and Safety Responsibilities

Nature and Context of the Risk – BHP as the landlord's agent takes 'day to day' responsibility for Health and Safety matters. BHP also advises the Council, in its capacity as the landlord. Whilst BHP may take responsibility for its actions as the Council's managing agent, as the landlord Brent Council is ultimately responsible for Health and Safety and is legally unable to absolve themselves from this responsibility. It should be noted that failure to appropriately address Health and Safety could result in officers, board members, the company and indeed Brent Council being held liable for failings in criminal terms.

Mitigation Strategy – In a Systematic review of Health and Safety policies/procedures in the light of findings from risk assessments, which was completed in February 2011, BHP achieved the highest rating of a 5 star award from the British Safety Council.

Health and Safety Resources

Nature and Context of the Risk – Health and Safety is clearly a priority for BHP to ensure that as far as possible, tenants enjoy a quality of life within their dwellings/common areas, free from undue risk and that the company is protected both in legal and reputation terms. Resources in this context are taken as staff and financial resources.

Mitigation Strategy: To inform and agree with the Council what can be achieved with resources available and to ensure that the Council takes responsibility for Health and Safety issues that cannot be addressed due to lack of capital resources.

Reporting Requirements/Further Action – A regular update is included as a standing item on the senior management team's agenda. In addition a regular report on Health and Safety is received by the Service Delivery Sub Committee. BHP, on behalf of the Council has provided the Council with a stock condition survey which will further inform the future investment needs.

Investment Deficit

Nature and Context of the Risk – In addition to the capital investment requirements for Health and Safety, and in spite of considerable investment as part of the ‘Decent Homes Programme’, the level of resources for future capital works is seriously in doubt. There is a correlation between capital works and satisfaction with housing management. The recent study conducted by the TSA found that for a vast majority of tenants repairs to their home was by far their highest priority. Therefore, irrespective of the quality of housing management, if there are insufficient resources to undertake repairs to homes then the perception of BHP, as the managing agent for the Council, will diminish.

Mitigation Strategy: Ultimately BHP can only highlight the issues with Brent Council and ensure that Value for Money (VFM) is maximised on the capital programme. To rectify the position BHP will need sufficient resources arising from the HRA review.

Key Performance Indicators

Housing Management Indicators	2010-11 actual	2009-10 actual
Rent collected by the local authority as a proportion of rent arrears owed on HRA dwellings	98.0%	97.73%
Rent arrears of current tenants as a proportion of the rent roll	2.1%	2.0%
Percentage rent loss through void properties	1.0%	1.5%
Number of racial incidents reported and percentage which resulted in further action	100% (5/5)	100% (9/9)
Number of ASB cases responded to within time scale (5 days)	100% (314/314)	100% (345/345)
Percentage of vulnerable tenants contacted in compliance with 6 monthly visit programme	100%	100%
Percentage of Housing Support clients satisfied with the overall level of support	98%	96%

Technical Indicators	2010-11 actual	2009-10 actual
Percentage of repairs for which appointments were made and kept (excluding emergencies)	99.1%	99.5%
Percentage of repairs finished on first visit	94%	93%
End to end time for all repairs undertaken	9.51	12.3
Average number of days taken to relet council housing	27	27
Ready to Let time (days)	23	19
Percentage of new tenants satisfied with the property	94%	95%
Percentage of properties with a gas appliance that have a valid gas certificate	100%	99.1%

Other Indicators
<ul style="list-style-type: none"> • Decent homes - There were 49 non-decent homes at the end of 2010-2011 compared to 23 non-decent homes at the end of 2009-10.
<ul style="list-style-type: none"> • SAP Rating - BHP's housing stock energy report for 2010-11 showed a slightly reduced rating of 65.9 compared to 68.4 in the previous year.
<ul style="list-style-type: none"> • Complaints - The percentage of Stage 2 complaints responded to within 20 days improved from 87% in 2009-10 to 89% in 2010-11. The percentage of Stage 1 complaints responded to within 15 working days improved from 93% to 94% in 2010-11. Although the percentage of members (MPs and Councillor) enquiries responded to within 10 days did not meet the target of 100%, performance significantly improved from 87% in 2009-10 to 94% in 2010-11.

Corporate Governance

Three Council Board Members resigned from the Board following the results of the General Election in May 2010. They were replaced by three new Council appointments to the Board in June 2010. Sadly, one of the new Council Board Members passed away early in the New Year and was replaced in February 2011.

The Company has one main Board made up of the registered directors of the Company and comprises 7 residents (5 tenants and 2 leaseholders), 4 council nominees and 4 independent members. A full list of the directors is shown on page 2. The main Board must meet at least quarterly and during the financial year 2010-2011 met 10 times including an AGM in September 2010. It is responsible for strategic decisions such as managing the Company and, as the ultimate decision making body, it is also the focus of accountability for the Council as the sole shareholder.

At the Board Meeting on 24th February 2011 the Board agreed the terms of reference for a review of 'Corporate Governance'. This will include reviewing the Company sub-committee structure and policy arrangements; compliance with the 2010 Financial Reporting Council's Combined Code on Corporate Governance; and a review of the effectiveness of the Board scrutiny function

The Board Remuneration Panel met twice during the year in September 2010 and March 2011 to determine which Board members met the eligibility criteria for the award of Board member payments. At these meetings the Panel reviewed the contribution and personal circumstances of each Board member and awarded payments to 10 Board members and 2 co-opted members for the six month period from April 2010 to September 2011 and awarded payment to 8 Board members and two co-opted members for the six month period from October 2010 to March 2011.

The Board has 6 Sub Committees comprising residents, council nominees and independents. The Sub Committees are:

Finance and Audit

This Sub Committee has full delegated powers to monitor and assess the finances of the Company, to approve the budgets, and to receive internal and external audit reports and review the company's risk map. The membership of this Sub Committee, for this period, consisted of 6 board members, 3 independent members, 3 resident members and 1 co-opted member who has specialised financial experience. The Director of Finance attends all meetings in a non-voting capacity.

Ethics and Standards Committee is part of the Finance & Audit Sub Committee which meets annually to review, develop and monitor the Company's Code of Conduct for Board Members and any other relevant ethics or standards documents. In addition the committee follows a detailed procedure when hearing allegations against Board Members. The procedure is designed to ensure that the Ethics and Standards Committee has an effective, fair and transparent hearing process and to assist Board Members who are the subject of a complaint. The procedure is the same for all Board Members and co-opted Members and mirrors that being used by the Council. To date there have been no complaints or allegations against Board Members.

Service Delivery

The main role of this Sub Committee is to monitor key performance delivery and business objectives and determine any corrective actions necessary. It is also responsible for reviewing the Company's strategy and capital programme. The membership of this Sub Committee, for this period, consisted of 8 Board members, 1 independent member, 2 council members and 5 resident members. The Interim Chief Executive and Heads of Departments attend as required in a non-voting capacity.

The Community Fund Panel is part of the Service Delivery Sub Committee. Each year a fund of £30,000 is delegated to the Community Fund Panel to award grants to community organisations that carry out projects which benefit Brent council tenants. Individual grants up to a maximum of £5000 can be awarded. During the year the Panel awarded grants totalling £22,235 to 7 community organisations. The membership of the Panel for this period consisted of 6 Board members, 2 independent and 4 resident members.

Personnel – Remuneration

This Sub Committee has delegated authority to approve changes to the terms and conditions of services for the Company staff. It also has a role in reviewing human resources policies and procedures, staff training plans, staff remuneration and the employee relations machinery. The membership of this Sub Committee, for this period, consisted of 8 Board members, 2 council members, 1 independent member and 5 resident members. The Head of Corporate Services attends all meetings in a non-voting capacity.

Development

This Sub Committee has delegated authority to approve BHP's development strategy and to monitor the implementation of the development plan and related business objectives. The membership of this Sub Committee, for this period, consisted of 7 Board members, 4 independent members, 1 council member and 2 resident members and 1 co-opted member with significant development experience.

Board Remuneration

This Sub Committee has delegated authority to approve annual payments to Board members based on a policy and terms of reference agreed by the main Board. The membership of this Sub Committee for this period consisted of 5 Board members, 2 independents, 2 council members and 1 resident member.

New Homes

This Sub Committee has delegated authority to review the operational performance of BHP's directly owned homes, including service delivery, ongoing financial viability, and delivery against the business plans. The membership of this Sub Committee for this period consisted of 5 Board members, 1 independent, 2 council members and 2 resident members.

Executive Team

The executive officers who currently form the Company's Executive Team are listed on page 2. They act as executives within the authority delegated to them by the Main Board. The detailed scrutiny of performance, the development of policy and procedures, and the approvals of expenditure within budget are duties carried out by the Executive Team, which meets every 2 weeks.

Insurance

The Company maintains insurance policies for members of the Main Board, the Executive Team and other employees against liabilities in relation to the Company. Qualifying third party indemnity provisions for the benefit of all directors was in force at the time during the financial year ending 31st March 2011.

FRS 17 Disclosure and Pension Fund Information

The Company fully complies with Financial Reporting Standard (FRS) 17 in its 2010/11 financial statements. This encompasses recognising the movement in the pension fund in the profit and loss statement as well as incorporating the pension fund liability at the end of the period under review into the balance sheet.

Auditors

PricewaterhouseCoopers LLP has been appointed as the Company's auditors. The appointment was confirmed at the AGM on 30th September 2010.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 company will continue in business.

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The report of the directors was approved by the Board on 29th September 2011 and signed on its behalf by:

Linda Footer
Company Secretary

BHP STATEMENT OF INTERNAL CONTROL 2010/11

Scope of Responsibility

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively, and that there are arrangements to ensure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Board is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Company's functions and which includes arrangements for the management of risk.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Company's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place throughout the year and up to the date of approval of the annual report and accounts.

The Internal Control Environment

Finance and Audit Sub Committee

The Board had established a Finance and Audit Sub Committee; the terms of reference were revised in September 2006 and reflect good local authority practice and the Institute of Chartered Accountants' guidance. The meetings are attended by the Chief Executive, the Director of Finance and other members of the Executive Management Team as required.

This Committee was responsible for reviewing the adequacy and effectiveness of the Company's systems of internal controls and reporting conclusions to the Board. It recommends to the Board the appointment of both the internal and external auditors, and reviews their performance and receives reports from them.

Internal Audit Function

During 2010/11 the internal audit function was provided by Brent Council. The Internal Audit Senior Manager has direct access to the Chair of BHP, Finance and Audit Sub Committee members, the Chief Executive and members of the Executive Management Team in appropriate circumstances.

Internal Audit provides the following information to the Sub Committee:

- Assessments of the adequacy and effectiveness of the Company's systems of internal control, based on the work of internal audit;
- Periodic reports on significant control issues and potential for improving risk management and control processes;

- Peer comparison of operations and controls within similar organisations; and
- Annual audit opinion on the effectiveness of BHP's internal control framework.

Brent Council's Counter Fraud Team is retained to carry out investigations into allegations of fraud and the detection of fraud.

External Audit

PricewaterhouseCoopers LLP (PwC) were reappointed as external auditors of the Company by resolution on 24th September 2010 for the year ending 31st March 2011. They have a statutory responsibility to report to the Board whether, in their opinion, the financial statements give a true and fair view of the state of the Company's affairs in accordance with UK GAAP, and whether they have been properly prepared in accordance with the Companies Act 2006.

At the conclusion of the annual audit, PwC prepared a report to members that included comments on matters such as the results of audit examinations, accounting issues raised and the qualitative aspects of accounting practices and financial reporting, accounting procedures and internal financial controls.

Risk Management

The Finance and Audit Sub Committee reviewed the risk management framework and process and considered its adequacy. BHP has adopted the principles of risk management in order to protect the health and welfare of its employees and the people it serves, to protect its property, assets and other resources and to maintain its reputation and good standing in the wider community. In order to develop the risk management culture, BHP:

- Has adopted a risk management strategy; and
- Regularly updates the risk map which identifies a uniform procedure for the identification, analysis, management and monitoring of risk.
- During the integration with the council a separate risk map was maintained

Review of Effectiveness

BHP's Board formally reviews the effectiveness of the system of internal control on an annual basis. There is an ongoing review of the effectiveness of the system of internal control that is informed by the work of the internal auditors, the Council's monitoring function and the executive managers within the Company who have responsibility for the development and maintenance of the internal control environment. This process includes implementing recommendations by the external auditors and other review agencies and inspectorates.

There are a number of areas where improvements in effectiveness have been implemented:

- Improved budgeting and financial reporting in all areas;
- Continual reviews of the 2010/11 budgets through monthly management accounts to ensure resources are directed to improve services to customers and make required efficiency savings;
- A whole organisation restructure and a programme of voluntary redundancies to mitigate stock loss through redevelopment of the Barham Park estate, right to buy sales, and predicted cuts in budgets. This will result in significant savings for the

organisation of £900,000 which will allow BHP to remain an economically viable organisation;

- A new 'opti-time' repairs system to improve the efficiency of the time taken to carry out repairs;
- A Health and Safety Management System Audit by the British Safety Council resulting in the highest award of 5 stars;
- A reduction in stage 1 repair complaints of 19% and stage 2 repair complaints of 18%;
- A successful bid to retain the management of privately leased properties bidding against other housing organisations when the Council re-tendered the contract during 2010;
- 100% gas safety inspection certificates achieved;
- Tenant satisfaction with major works ended the year at 96% - the highest ever achieved by BHP;
- The percentage of leaseholder service charge collected was 109% which was 3% above the target for the year;
- Number of residents satisfied with the internal cleaning of their blocks was 95% which was 5% above the target set for the year;
- An excellent end of year rent collection figure of 98%
- BHP's in-house Major Works team commissioned work valued at £6.2m, saving £372k in consultants' fees. A new Surveying Framework contract which was procured during the year will result in further savings as the fee rates tendered are lower than previously paid by 1.5%.

Significant Internal Control Issues

No major deficiencies of internal control were found during 2010/11 or during the time following the end of that financial year up to the date these financial statements were signed.

Chair of the Board:

Date:

Independent Auditors' Report to the Member of Brent Housing Partnership Limited

We have audited the financial statements of Brent Housing Partnership Limited for the year ended 31st March 2011 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Phil Cliftlands (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date:

Brent Housing Partnership
Profit and loss account for the year ended 31st March 2011

	Note	Excluding pension past service cost £	Pension past service cost £	2011 £	2010 £
Turnover	2	36,318,063	-	36,318,063	42,178,124
Operating costs	2	(34,559,454)	3,720,000	(30,839,454)	(43,320,556)
Operating profit/(loss)		1,758,609	3,720,000	5,478,609	(1,142,432)
Interest receivable and other income	5	-	-	-	245
Interest payable and similar charges	17	(1,027,703)	-	(1,027,703)	(1,021,001)
Profit/(loss) on ordinary activities before taxation		730,906	3,720,000	4,450,906	(2,163,188)
Tax on profit/(loss) on ordinary activities	8	-	-	-	-
Profit/(loss) for the financial year		730,906	3,720,000	4,450,906	(2,163,188)

Pension past service cost is a one-off negative cost in respect of changes to benefits due to members of the Local Government Pension Scheme. This is discussed in more detail in note 18.

Statement of total recognised gains and losses for the year ended 31 March 2011

	Note	2011 £	2010 £
Profit/(loss) for the financial year		4,450,906	(2,163,188)
Revaluation of Investment Properties	19	1,084,184	-
Actuarial gain/(loss) on the pension scheme	18	10,000	(4,380,000)
Total recognised profit/(loss) relating to the year		5,545,090	(6,543,188)

Brent Housing Partnership
Balance Sheet as at 31st March 2011

	Note	2011 £	2010 £
<i>Fixed assets</i>			
Tangible assets	9	10,020,508	1,312,371
Investment properties	9	16,795,000	12,042,763
Investments	21	1	1
		<u>26,815,509</u>	<u>13,355,135</u>
<i>Current assets</i>			
Stocks	10	352,190	362,088
Debtors	11	4,191,668	5,205,329
Cash at bank and in hand	12	3,326,569	677,687
		<u>7,870,427</u>	<u>6,245,104</u>
Creditors: amounts falling due within one year	13	(5,835,583)	(5,948,442)
Provisions for liabilities	14	-	(400,000)
<i>Net current assets/liabilities</i>		<u>2,034,844</u>	<u>(103,338)</u>
<i>Total assets less current liabilities</i>		28,850,353	13,251,797
Creditors: amounts falling due in more than one year	13	(23,775,825)	(10,482,359)
<i>Net assets before pension liabilities</i>		5,074,528	2,769,438
Pension liabilities	18	(11,150,000)	(14,390,000)
<i>Net liabilities</i>		<u>(6,075,472)</u>	<u>(11,620,562)</u>
<i>Capital and reserves</i>			
Reserves	19	(6,075,472)	(11,620,562)
		<u>(6,075,472)</u>	<u>(11,620,562)</u>

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, the London Borough of Brent. The directors have received confirmation that the London Borough of Brent intend to support the company for at least one year after these financial statements.

The Financial Statements on pages 17 to 27 were approved by the Board on 29th September 2011 and signed on its behalf by the Chair.

Kathy Ellison
Chair of the Board

Brent Housing Partnership
Cash flow statement for the year ended 31st March 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	15.1	15,857,796	12,900,853
Returns on investment and servicing of finance	5 & 17	(757,703)	(340,756)
Taxation	8	-	(47,047)
Capital expenditure	15.2	(12,451,211)	(14,502,463)
Increase/(decrease) in cash		<u>2,648,882</u>	<u>(1,989,413)</u>

Analysis of Net Debt

	2011 £	2010 £
Reconciliation of net cash flow to movement in net debt		
(Decrease)/ increase in cash in the year	2,648,882	(1,989,413)
Cash outflow/ (inflow) from change in loans	<u>(13,180,607)</u>	<u>(10,576,388)</u>
	(10,531,725)	(12,565,801)
Net debt at 1 April	<u>(15,753,114)</u>	<u>(3,187,313)</u>
Net debt at 31 March	<u>(26,284,839)</u>	<u>(15,753,114)</u>

	1 April 2010 £	Cashflow £	31 March 2011 £
Reconciliation of net debt to related items on the balance sheet			
Cash balances	677,687	2,648,882	3,326,569
Debt falling due within one year	(5,948,442)	112,859	(5,835,583)
Debt falling due after one year	<u>(10,482,359)</u>	<u>(13,293,466)</u>	<u>(23,775,825)</u>
Net debt	<u>(15,753,114)</u>	<u>(10,531,725)</u>	<u>(26,284,839)</u>

1. Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain assets, and in accordance with Financial Reporting Standards, Urgent Issues Task Force Abstracts and the Companies Act 2006.

The financial statements have been prepared on an accruals basis.

Assets and liabilities are recognised on BHP's balance sheet when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured.

Turnover recognised in BHP's profit and loss account where the consumption or loss of economic benefits has occurred and can be reliably measured.

The accounting policies have been applied consistently and in accordance with applicable accounting standards in the UK.

Turnover

Turnover represents the invoiced value (excluding VAT) of services supplied. Other turnover which stems mainly from Service Level Agreements with London Borough of Brent (the Council) as well as the Brent Direct Leasing scheme is recognised when the turnover is earned and controlled by BHP and can be deployed for the achievement of

Staff costs

in costs and any post employment benefits.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Tangible fixed assets of a value exceeding £1,500 will be capitalised and depreciated according to BHP's depreciation policy.

Land and buildings

Land and buildings comprise mainly rental and investment properties.

Investment properties

Investment property comprises land and buildings not principally occupied by BHP. Investment property is carried at fair value, which is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Savills (L & P) Ltd, who are independent of BHP, formed an opinion on the values in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual as at 31st March 2011.

These valuations will be reviewed annually. Changes in fair values will be recorded in a revaluation reserve.

Other properties

This class of asset is made up of settled homes, new builds and equity share schemes and are subject to depreciation over their useful economic life.

Assets under construction

These assets will only be amortised once brought into use.

Assets under construction are valued at historical cost within assets under construction and are not depreciated. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset.

Impairment of properties

Properties are subject to an annual impairment review. Impairments arise from a loss in economic benefit or service potential.

Impairment amounts in excess of revaluation surpluses are charged to operating cost in the profit and loss account.

Depreciation

Depreciation is charged so as to write down the assets cost to their residual value on a straight line basis over their expected useful economic life, unless otherwise noted below.

Depreciation is calculated as follows:

Investment properties	This class of asset is not subject to depreciation, as management deem investment properties to be held for their investment value,
Other properties	Depreciated over the useful economic life, being the shorter of remaining life or 99 years
Assets under construction	This class of asset is not subject to depreciation
Furniture, fixtures and fittings	Depreciated at 40% in the first year of the economic life and at 25% for the remainder of the economic life using the reducing
Furniture, fixtures and fittings - short life	Straight line basis over five years
Equipment	Straight line basis over five years

Stocks

Stock has been valued in line with SSAP 9 at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Stocks are valued using the "first in, first out" (FIFO) approach.

Debtors

Debtors are recognised at the amounts receivable as they are due for settlement. Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable, are written off. A provision for doubtful debts is raised where doubts exist as to collection.

Provisions

Provisions are recognised when BHP has:

- A present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

Provisions will be discounted where the effect of discount is material.

Investments

Investments are stated at cost price.

Pensions

The company participates in a local government pension scheme (LGPS). The scheme is a defined benefit pension based on a final pensionable salary. The assets of the scheme are held separately from those of the company in an independently administered fund.

FRS 17 'Retirement benefits'

This standard replaces the use of actuarial values in a defined benefit pension scheme with a market value approach. The standard requires fluctuations in market values to be reflected in the Statement of recognised gains and losses and the service cost, interest cost and expected return on scheme assets to be shown in the profit and loss account.

The objectives of this are to ensure that:

- Financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding.
- The operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are also recognised.
- The financial statements contain adequate disclosure of the cost of providing the benefits and the related gains, losses, assets and liabilities.

Charges to expenditure are based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions.

Further disclosures relating to retirement benefits can be found in note 18.

Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provision of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of the London Borough of Brent, whose accounts are publicly available.

2. Turnover and operating costs

Turnover is derived completely from the principal activities of the company. Turnover arises solely within the United Kingdom.

	Notes	2011 £	2010 £
<i>Turnover comprises the following elements:</i>			
Management fee paid by the Council in respect of Housing management and support services		8,257,612	8,526,613
Other services	3	28,060,451	33,651,511
Total		36,318,063	42,178,124

Operating profit and loss is stated after charging:

	Notes	Excluding pension past service cost £	Pension past service cost £	2011 £	2010 £
Wages and salaries		6,170,327	-	6,170,327	6,208,713
Social security costs		474,461	-	474,461	515,464
Other pension costs		1,054,616	(3,720,000)	(2,665,384)	870,428
Total staff costs		7,699,404	(3,720,000)	3,979,404	7,594,605
Training and recruitment expenses		76,363	-	76,363	157,205
Agency and consultancy costs		1,521,262	-	1,521,262	1,416,260
Supplies and services		4,488,751	-	4,488,751	4,496,055
Depreciation of tangible fixed assets		75,021	-	75,021	35,210
Auditor's remuneration:					
- Audit services		30,000	-	30,000	31,986
- Non audit services		-	-	-	10,000
Other expenses	4	21,068,653	-	21,068,653	27,233,905
Impairment of fixed assets (Adjustments)	9	-	-	-	1,945,330
Movement in provisions	14	(400,000)	-	(400,000)	400,000
		34,559,454	(3,720,000)	30,839,454	43,320,556

Operating costs (apportioned by division)*

		Excluding pension past service cost £	Pension past service cost £	2011 £	2010 £
Corporate services		954,780	-	954,780	1,098,999
Housing management services		3,539,944	-	3,539,944	2,882,338
Technical services		2,966,435	-	2,966,435	3,329,678
Finance		1,104,656	-	1,104,656	1,189,081
Procurement and IT		372,703	-	372,703	575,564
Repairs and voids		2,521,566	-	2,521,566	2,274,742
Special projects		87,831	-	87,831	181,721
Service level agreements		798,547	-	798,547	828,224
BHP new homes		606,547	-	606,547	2,650,151
Operating costs not apportioned by division**		537,793	(3,720,000)	(3,182,207)	1,076,153
Total		13,490,802	(3,720,000)	9,770,802	16,086,651
Other expenses	4	21,068,652	-	21,068,652	27,233,905
Total operating costs		34,559,454	(3,720,000)	30,839,454	43,320,556

*Costs apportioned by division include those expenses charged directly to service activities in respect of wages and salaries paid to employees, employer contributions for pensions and National Insurance, and the cost of employing staff from agencies. Costs in respect of supplies and services are also included in the divisional costs.

**Operating costs not apportioned by division consists of overhead expenditure that does not directly relate to individual divisions.

	<u>Company total</u>	<u>Main operations</u>	<u>Major works (recharges)</u>	<u>Repairs and voids (DLO)</u>	<u>Landlord services</u>
	£	£	£	£	£
Turnover	36,318,063	11,079,496	21,068,651	2,785,223	1,384,693
Operating costs	<u>(30,839,454)</u>	<u>(6,643,643)</u>	<u>(21,068,651)</u>	<u>(2,520,613)</u>	<u>(606,547)</u>
Operating profit	5,478,609	4,435,853	-	264,610	778,146
Interest receivable and similar income	-	-	-	-	-
Interest payable and similar charges	<u>(1,027,703)</u>	<u>(270,000)</u>	<u>-</u>	<u>-</u>	<u>(757,703)</u>
Profit on ordinary activities before taxation	4,450,906	4,165,853	-	264,610	20,443
Profit for the financial year	<u>4,450,906</u>	<u>4,165,853</u>	<u>-</u>	<u>264,610</u>	<u>20,443</u>

3. Other services

Other income represents:

	2011	2010
	£	£
Other income - Council service contracts held in the Company's name	26,609,649	33,048,148
Income from other external sources, including rental income	<u>1,450,802</u>	<u>603,363</u>
	<u>28,060,451</u>	<u>33,651,511</u>

4. Other expenses

Other expenses - Council service contracts held in the Company's name.

2011	2010
£	£
<u>21,068,653</u>	<u>27,233,905</u>

5. Interest receivable and other income

Interest was received on:
Bank deposits

2011	2010
£	£
<u>-</u>	<u>245</u>

6. Employee information

Corporate services
Housing management services
Technical services
Finance
Procurement and IT
Special projects
Governance and communication

2011	2010
Average number of employees	Average number of employees
7	6
39	45
65	69
34	32
8	12
2	2
<u>13</u>	<u>12</u>
<u>168</u>	<u>178</u>

This table illustrates the average number of full-time equivalent employees for the reporting period.

7. Board members' expenses

The members of the Company's management Board are the Directors of the Company. Directors' emoluments for the financial year total £34,298 (2009/10: £58,438). Directors were also entitled to reimbursement of incidental expenses incurred when attending Board meetings and other formal events.

8. Tax on profit/(loss) on ordinary activities

The Company made a profit on ordinary activities of £4,450,906 for the 12 months ending on 31st March 2011 (2009/10: loss of £2,163,188).

	2011	2010
	£	£
Analysis of charge in period:		
Current tax - UK corporation tax on profit/(loss) for the year	-	-
Factors affecting the tax charge for the period:		
Profit/(loss) on ordinary activities before tax	-	-
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK at 21% (2009/10 21%)	-	-
Effects of:		
Adjustment to previous year corporate tax	-	-
Total current tax charge	<u>-</u>	<u>-</u>

BHP has carried forward tax losses which could cause a potential deferred tax asset of £110,000 (2009/10 was £65,000). These tax losses are unlikely to be utilised within the next 12 months of the signing of these financial statements. Therefore, the Directors consider it prudent not to recognise a deferred tax asset in the financial statements. The deferred asset would only be recovered in the future if BHP made profits that gave rise to a tax charge greater than the deferred asset.

9. Tangible Fixed Assets

	BHP homes				BHP operational			Total
	Investment properties	Other properties	Assets under construction	Furniture, fixtures and fittings	Furniture, fixtures and fittings	Furniture, fixtures and fittings - short life	Equipment	
	£	£	£	£	£	£	£	£
Cost								
At 1 April 2010	12,042,763	1,177,779	33,486	-	46,638	52,155	75,600	13,428,421
Additions	3,592,917	8,676,736	18,716	65,102	-	16,250	6,354	12,376,075
Enhancement	75,136	-	-	-	-	-	-	75,136
Transfers	-	27,691	(27,691)	-	-	-	-	-
Revaluation	1,084,184	-	-	-	-	-	-	1,084,184
At 31 March 2011	16,795,000	9,882,206	24,511	65,102	46,638	68,405	81,954	26,963,816
Accumulated depreciation:								
At 1 April 2010	-	9,078	-	-	34,833	10,567	18,809	73,287
Depreciation charge for the year	-	41,387	-	1,471	2,951	13,139	16,073	75,021
At 31 March 2011	-	50,465	-	1,471	37,784	23,706	34,882	148,308
Net book value								
At 31 March 2011	16,795,000	9,831,741	24,511	63,631	8,854	44,699	47,072	26,815,508
At 31 March 2010	12,042,763	1,168,701	33,486	-	11,805	41,588	56,791	13,355,134

The assets portfolio is made up of 85 social rent properties, 25 intermediate rent properties and 45 market rent properties acquired in five tranches (i.e. 8 in August 2009, 11 in December 2009, 6 in April 2010, 8 in June 2010 and 12 in October 2010), 1 shared equity, 44 settled homes properties and 3 new build properties were converted from assets under construction into fixed assets in the financial year. Ongoing costs on New build developments remain under the classification of Assets under construction. All of these properties are located within North London.

10. Stocks

	2011	2010
	£	£
Raw materials and consumables	101,971	118,858
Work in progress	250,220	243,230
Total stocks	352,191	362,088

11. Debtors

	2011	2010
	£	£
<i>Amounts falling due within one year</i>		
Trade debtors	744	19,220
The Council	2,589,785	4,959,411
Loans to employees	4,286	6,807
Prepayments and accrued income	517,599	219,891
Other Debtors	1,079,254	-
Total debtors due within one year	4,191,668	5,205,329

12. Cash at bank and in hand

	2011	2010
	£	£
Bank current account	3,325,867	676,959
Petty cash	702	728
Total cash at bank and in hand	3,326,569	677,687

13. Creditors

	2011	2010
	£	£
<i>Amounts falling due within one year</i>		
Other creditors	71,178	493,378
The Council	2,882,631	79,699
Loans from the Council	294,210	162,519
Taxation and social security	455,297	401,656
Accruals and deferred income	2,132,267	4,811,190
Total creditors	5,835,583	5,948,442

Amounts falling due in more than one year

Grants from HCA	1,808,208	-
Loans from the Council	21,967,617	10,482,359
	23,775,825	10,482,359

The liability falls due within:

	2011	2010
	£	£
One year	289,924	155,712
Two to five years	1,312,087	704,696
More than five years	20,655,530	9,777,663
Total	22,257,541	10,638,071

The loans which are £17,802,000 (Granville New Homes) and £4,611,253 (Settled Homes Initiative - Tranche 1) are from prudential loan facilities agreed with Brent Council to part fund the acquisition of properties by BHP.

The loan facilities which will total £25,681,200 when fully drawn down are payable in 30 annual fixed instalments which commenced on 31 March 2011. Both loans carry interest at 5% per annual (pro rata on a daily rate).

14. Provision for liabilities

	2011	2010
	£	£
Balance at start of year	400,000	-
Increase in provision	-	400,000
Utilised in year	(400,000)	-
Balance at end of year	-	400,000

The provision raised in 2009/2010 for redundancies has been utilised in full. No further provisions were made in 2010/2011.

15. Notes to the cash flow statement

	2011	2010
	£	£
15.1 Reconciliation of operating profit/(loss) to net cash inflow from operating activities:		
Operating Profit/(loss) before interest and tax	5,478,609	(1,142,432)
Pension fund interest	(270,000)	(680,000)
Add back non-cash items:		
Depreciation of tangible fixed assets	75,021	35,210
Impairment	-	1,945,330
Adjustments to fixed assets	-	22,220
Movement in provision	(400,000)	400,000
Net movement from pension transactions	(3,230,000)	790,000
	<u>1,653,630</u>	<u>1,370,328</u>
Decrease/(increase) in stocks	9,897	(254,080)
Decrease in operating debtors	1,013,661	1,161,170
Increase in operating creditors	13,180,607	10,623,435
Net cash inflow from operating activities	<u>15,857,795</u>	<u>12,900,853</u>
15.2 Capital expenditure:		
Payments to acquire tangible fixed assets	(12,451,211)	(14,502,463)
Net cash outflow from capital activities	<u>(12,451,211)</u>	<u>(14,502,463)</u>

16. Related party transactions

There are no further related party transactions other than those covered under the FRS 8 'Related party disclosures' regarding disclosure of related party transactions referenced in the Accounting policies in note 1.

17. Other finance charge

	2011	2010
	£	£
Interest cost	1,570,000	1,430,000
Expected return on assets	(1,300,000)	(750,000)
Interest on pension provision	270,000	680,000
Loan interest charge	757,703	341,001
Net finance charge	<u>1,027,703</u>	<u>1,021,001</u>

18. Pensions

The Company participates in the Local Government Pension Scheme. In accordance with the TUPE provisions applicable for staff transferred from the Council to the Company, pension rights accruing from previous service with the Council have been transferred to the company's pension scheme. The pension fund is a defined benefit scheme based on final pensionable salary.

Contributions to the scheme have been charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. Assets have been notionally allocated to the Company by applying the same funding level (calculated on FRS17 'Retirement benefit' assumptions) as for the whole scheme.

Changes to the Local Government Pension Scheme (LGPS) permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme.

The following rates of contribution were certified at the 31st March 2011 valuation:

April 2008 to March 2009	14.1% of salaries
April 2009 to March 2010	14.1% of salaries
April 2010 to March 2011	14.1% of salaries

In accordance with Financial Reporting Standard 17 – 'Retirement benefit' the Company is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

18. Pensions (cont'd)

The most recent valuation was carried out as at 31 March 2010 and has been updated by independent actuaries to the London Borough of Brent Pension Fund (the Fund) to take account of the requirements of FRS 17 'Retirement benefits' and IAS 19 in order to assess the liabilities of the Fund as at 31 March 2011. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

Principal financial assumptions:

	2011	2010	2009
	%pa	%pa	%pa
Discount rate	5.4	5.5	6.5
Rate of inflation (RPI)	3.7	3.9	3.6
Rate of inflation (CPI)	2.8	N/A	N/A
Rate of increase to pensions in payment	2.8	3.9	3.6
Rate of increase to deferred pensions	2.8	3.9	3.6
Rate of general increase in salaries	5.2	5.4	5.1

Mortality assumptions:

Post Retirement mortality (retirement in normal health)

	2011	2010
Males		
Year of birth base table	Standard SAPS Normal Health Light Amounts	PNMA00 with allowance for MC improvement factors to 2007
Rating to above base rate table (years)	0	0
Scaling to above base table rates	100%	100%
Improvements to base table rates	CMI_2009 with a long term rate of improvement of 1.25% p.a.	80% of Long Cohort (from 2007) subject to a minimum underpin to the improvement factors of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	23.8	23.2
Future lifetime from age 65 (currently aged 45)	25.6	25.6

Females

Year of birth base table	Standard SAPS Normal Health Light Amounts	PNMA00 with allowance for MC improvement factors to 2007
Rating to above base rate table (years)	0	0
Scaling to above base table rates	80%	100%
Improvements to base table rates	CMI_2009 with a long term rate of improvement of 1.25% p.a.	60% of Long Cohort (from 2007) subject to a minimum underpin to the improvement factors of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	26.6	25.2
Future lifetime from age 65 (currently aged 45)	28.6	27.4

Long-term expected rates of return on assets:

	2011	2010	2009
	%pa	%pa	%pa
Equities	8.4	8.0	7.0
Private equity	13.4	13.0	7.0
Hedge funds	8.2	8.3	6.5
Currency	7.9	n/a	n/a
Property	4.4	8.5	6.0
Government bonds	5.1	4.5	4.0
Corporate bonds	1.5	5.5	5.8
Cash/other assets	8.4	8.0	5.0
Average long term expected rate of return	8.4	8.0	6.3

The approximate split of assets of the fund is as follows:

	2011	2010	2009
	%	%	%
Equities	51.0	56.2	43.2
Private equity/Infrastructure	10.1	9.6	9.2
Hedge funds	8.7	9.2	10.6
Property	6.9	6.0	8.4
Government bonds	5.3	3.3	4.6
Corporate bonds	4.9	14.0	6.8
Cash/other assets	13.1	1.7	17.2
Total	100.0	100.0	100.0

Brent Housing Partnership employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2011.

In accordance with paragraph 77 (o) of FRS17 'Retirement benefits' (as revised), the assets for the current period and previous two periods are measured at current bid price. Asset values previously measured at mid-market value for the period ending 2008 have been remeasured for this purpose.

18. Pensions (cont'd)**Reconciliation of funded status to balance sheet:**

	2011	2010
	£	£
Fair value of assets	16,670,000	16,800,000
Present value of funded defined benefit obligation	27,820,000	31,190,000
Pension asset/(liability) before consideration of paragraph 58	(11,150,000)	(14,390,000)
Adjustment in respect of paragraph 58	-	-
Pension asset/(liability) recognised on the balance sheet	<u>(11,150,000)</u>	<u>(14,390,000)</u>

Charges to the profit or loss on provision of services:

	2011	2010
	£	£
Current service cost	970,000	860,000
Past service cost*	(3,720,000)	-
Interest cost	1,570,000	1,430,000
Expected return on assets	(1,300,000)	(750,000)
Curtailment cost	-	-
Settlement cost	-	-
Expense recognised	<u>(2,480,000)</u>	<u>1,540,000</u>

* Past service cost above includes a negative cost of £3.72m. This has arisen because of the announcement by the Chancellor of the Exchequer in May 2010 that future indexation of pensions in payment and to deferred pensions will be in line with the Consumer Price Index (CPI), rather than the Retail Price Index (RPI) as has been past practice. Since CPI has in the past been on average lower than RPI, this has the effect of reducing the expected future cash flows in respect of pensions. As a result the company's liability to fund these pensions is reduced, creating a negative cost of past service.

Amounts charged to statement of total recognised gains and losses are as follows:

	2011	2010
	£	£
Actuarial gain/(loss) on pension fund assets	(1,700,000)	2,870,000
Actuarial loss on scheme liabilities	1,710,000	(7,250,000)
Total actuarial gain/(loss) on the pension scheme assets and liabilities	<u>10,000</u>	<u>(4,380,000)</u>

Changes to the present value of defined benefit obligation during the financial year:

	2011	2010
	£	£
Opening defined benefit obligation	(31,190,000)	(21,400,000)
Current service cost	(970,000)	(860,000)
Interest cost	(1,570,000)	(1,430,000)
Contributions by participants	(330,000)	(360,000)
Actuarial gains/(loss) on liabilities	1,710,000	(7,250,000)
Net benefits paid out	810,000	110,000
Past service cost	3,720,000	-
Closing defined benefit obligation	<u>(27,820,000)</u>	<u>(31,190,000)</u>

Changes to the fair value of assets during the financial year:

	2011	2010
	£	£
Opening fair value of assets	16,800,000	12,180,000
Expected return on assets	1,300,000	750,000
Actuarial gains/(losses) on assets	(1,700,000)	2,870,000
Contributions by employer	750,000	750,000
Contributions by participants	330,000	360,000
Net benefits paid out	(810,000)	(110,000)
Business combinations	-	-
Settlements	-	-
Closing fair value of assets	<u>16,670,000</u>	<u>16,800,000</u>

In accordance with Paragraph 79 of FRS17 'Retirement benefits' (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6 April 2007. The history of experience gain/(loss) on liabilities shown has not been re-stated for periods ending 2007, 2006 and 2005 and includes the experience related to unfunded liabilities.

Actual return on assets

	2011	2010
	£	£
Expected return on assets	1,300,000	750,000
Actuarial gain / (loss) on assets	(1,700,000)	2,870,000
Actual return on assets	<u>(400,000)</u>	<u>3,620,000</u>

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

	2011	2010	2009	2008	2007
	£	£	£	£	£
Experience gains/(losses) on assets	(1,700,000)	2,870,000	(5,360,000)	(1,900,000)	70,000
Percentage of assets	-10.2%	17.1%	-44.0%		
Experience gains / (losses) on liabilities	2,070,000	30,000	(10,000)	(1,510,000)	10,000
Percentage of the present value of the liabilities	7.4%	0.1%	0.0%		

19. Reserves

	<u>Trading account fund</u>	<u>Pension fund</u>	<u>Total profit and loss account</u>	<u>Revaluation reserve</u>	<u>Total reserves</u>
	£	£	£	£	
Balance at 1 April 2009	3,612,626	(8,690,000)	(5,077,374)	-	(5,077,374)
Loss for the financial year	(2,163,188)	-	(2,163,188)	-	(2,163,188)
Net actuarial loss on pensions and other post-retirement benefits	-	(4,380,000)	(4,380,000)	-	(4,380,000)
Balance at 31 March 2010	1,449,438	(13,070,000)	(11,620,562)	-	(11,620,562)
Profit for the financial year	4,450,906	-	4,450,906	-	4,450,906
Transfer trading account fund for revaluation	1,084,184	-	1,084,184	(1,084,184)	-
Revaluation of investment properties	-	-	-	1,084,184	1,084,184
Net actuarial gain on pensions and other post-retirement benefits	-	10,000	10,000	-	10,000
Balance at 31 March 2011	6,984,528	(13,060,000)	(6,075,472)	-	(6,075,472)

BHP's investment properties are held at a fair value of £16,795,000. They consist of 85 social rented, 25 intermediate rented and 45 market value properties.

In 2010 the assets were valued by Savills using target rents based on average property prices. An impairment charge of £1,945,330 was recognised in the trading fund account. In 2011 investment properties were revalued by Savills using the assumption of target rents based on actual property prices. Subsequently the properties increased in value by £1,084,184. As a result of the uplift in property values £1,084,184 of the 2010 impairment charge is treated as a temporary diminution in value and is transferred from the trading fund account to the revaluation reserve in the statement of total recognised gains and losses in 2011.

Savills have carried out the valuation as at 31 March 2011. Social rented properties are valued based on Existing Use Value - Social Housing (EUV-SH) which assumes the property will be disposed of to a registered provider. This basis assumes social rents will be charged in perpetuity and all vacant units will be re-let. The valuation has been carried out using a discounted cash flow (DCF) approach which allows Savills to project rental income and expenditure over the term of the cash flow to arrive at an annual surplus or deficit, which is then discounted to a net present value. Intermediate rented and market value properties are valued based on Market Value - Short Term Tenanted (MV-STT) which assumes that passing rents will continue at that level with an allowance for annual increase at RPI.

20. Financial commitments

	2011	2010
	£	£
Contracts placed for capital expenditure not provided for in the financial statements	-	3,209,804

Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring:

	<u>Plant & machinery</u>	<u>Other</u>	2011	2010
	£	£	£	£
Within one year	8,524	45,147	53,671	-
Between one and five years	6,321	2,400	8,721	65,661
After five years	-	508,695	508,695	508,695
	14,845	556,242	571,087	574,356

21. Fixed asset investments

The Company has one incorporated subsidiary, Skipview Limited. The subsidiary remained dormant throughout the financial year and in 2010/11. A value of £1 is recorded.

22. Post Balance Sheet Events

On 1st April 2011, BHP was certified as a non-profit registered social housing provider by the Tenant Services Authority.

On 7th June 2011, BHP secured additional loan facilities from Brent Council in the sum of £46,385,294.

23. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is the London Borough of Brent, whose financial statements can be obtained from: The Director of Finance, London Borough of Brent, Brent Town Hall, Forty Lane, Wembley, Middlesex, HA9 9HD