

**GREAT PLACES HOUSING GROUP LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2007**

**GREAT PLACES HOUSING GROUP LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**Contents:**

	<b>Page</b>
Directors and Advisors	1
Report of the Board	2 – 6
Operating and Financial Review	7 - 11
Report of the Independent Auditors	12
Consolidated Income and Expenditure Account	13
Income and Expenditure Account – Holding Company	14
Consolidated Balance Sheet	15
Balance Sheet – Holding Company	16
Consolidated Cash Flow Statement	17 – 19
Notes to the Financial Statements	20 – 51

**GREAT PLACES HOUSING GROUP LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**DIRECTORS & ADVISORS**

**Board of management:**

(See page 2)

E. Stott (Chairman)  
L. Hansen (Deputy Chairman)  
G. Christiansen  
Ms. E. Dyson  
Ms. A. Harris  
B. Harris  
G. Martin  
A. Piracha  
S.J. Porter  
P. Roche

**Auditors:**

Beever & Struthers  
St. George's House  
215-219 Chester Road  
MANCHESTER  
M15 4JE

Mazars LLP have been appointed as Internal  
Auditors from 1<sup>st</sup> April 2007.

**Secretary:**

P. Elvy

**Solicitors:**

Cobbetts LLP  
Ship Canal House  
King Street  
Manchester  
M2 4WR

**Senior executive officers:**

S.J. Porter, Chief Executive  
M. Harrison, Deputy Chief Executive &  
Director of Development  
P. Elvy, Director of Finance  
Ms. M. Shannon, Director of Corporate  
Performance & Innovation  
G. Cresswell, Managing Director of  
Manchester Methodist and Central Methodist  
Housing Associations  
M. Ahmed, Managing Director of Ashiana  
Housing Association  
S. Reuben, Managing Director of Space New  
Living Limited

**Devonshires Solicitors**

Salisbury House  
London Wall  
LONDON  
EC2M 5QY

**Howarth Goodman**

8 King Street  
MANCHESTER  
M60 8HG

**Towers & Hamlin's**

Heron House  
Albert Square  
MANCHESTER  
M2 5HD

**Registered & head office:**

Southern Gate  
729 Princess Road  
MANCHESTER  
M20 2LT

**Bankers:**

The Royal Bank of Scotland plc  
P.O. Box 356  
38 Mosley Street  
MANCHESTER  
M60 2BE

**Web site:**

[www.greatplaces.org.uk](http://www.greatplaces.org.uk)

**Housing Corporation Registered Number:**

L4465

**GREAT PLACES HOUSING GROUP LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2007**

The Board presents its report and audited Financial Statements for the year ended 31 March 2007.

**Legal Status**

The company is registered under the Industrial and Provident Societies Act 1965 and is a registered social landlord.

**Principal Activities**

The group's principal activities through its subsidiary companies are the development and management of social housing including key worker accommodation and the provision of care and support to those in extreme special need. In addition, it manages shared ownership housing and private housing schemes and it undertakes design and build construction services.

**Board**

The members who served on the Board during the year were:

E. Stott (Chairman) (appointed 1 April 2006)  
L. Hansen (Deputy Chairman) (appointed 1 April 2006)  
G. Christiansen (appointed 1 April 2006)  
Ms. E. Dyson (appointed 1 April 2006)  
Ms. A. Harris (appointed 1 April 2006)  
B. Harris (appointed 1 January 2007)  
G. Martin (appointed 1 April 2006)  
M.J. Oglesby (appointed 1 April 2006, resigned 10 May 2007)  
A. Piracha (appointed 1 April 2006)  
S.J. Porter (appointed 1 April 2006)  
P. Roche (appointed 1 January 2007)

Each Board member holds one fully paid share of £1 in the association.

**Directors**

The directors of the company, were:

S.J. Porter ; M. Harrison ; P. Elvy (appointed 17/07/2006) ; J. Anderson (retired 08/09/2006) ; Ms. M. Shannon.

Of the directors, only S.J. Porter, the Chief Executive, is a member of the Board having served on it throughout the year.

## **GREAT PLACES HOUSING GROUP LIMITED**

### **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

#### **Employees, Diversity and Equal Opportunities**

The Company has, and continually reappraises, a full and comprehensive policy of diversity and equal opportunities. The policy complies with all legislative requirements and follows best practice. We are "Positive about Disabled People". Staff receive regular and thorough training in the subject as part of the Company's ongoing core training programme.

The strength of the Company lies in the quality and commitment of its employees and our ability to meet our objectives and commitments to tenants and the community in an efficient and effective manner depends on their contribution throughout the organisation. The Company uses a variety of methods to provide information on its objectives, progress and activities. We seek the views of employees on all matters of common interest and concern and upon the best methods by which to achieve our overall objectives. As part of this process, we have established a formal Staff Association, which meets at least quarterly. As part of the consultative and feedback process, the group undertakes an externally managed and confidential annual staff survey and feeds the results of this into its Human Resource plans.

The Company is proud of its "Investors in People" accreditation and adheres to the strict codes of conduct and practice required under it.

#### **Trade Creditors**

The Group's trade creditors fall into three main categories – contractors engaged under formal contracts, utilities and others. It has a policy of paying contractors in accordance with contractual terms, utilities upon receipt of invoice and others by at least the end of the month following that of invoice.

#### **Donations**

During the years ended 31 March 2007 and 2006 the Company has made no political contributions and any charitable donations were made during the course of its ordinary activities.

#### **Going Concern**

After making enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, as noted below, it has adopted the going concern basis in preparing the Financial Statements.

## **GREAT PLACES HOUSING GROUP LIMITED**

### **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

#### **Statement of the Responsibilities of the Board for the Financial Statements**

The Industrial and Provident Societies Acts require the Board to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the company and of the surplus of the company for that period. In preparing these Financial Statements, the Board has:

- selected suitable policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and the Statement of Recommended Practice: "Accounting by registered social landlords" or state where this practice has not been adhered to; and
- prepared the Financial Statements on a going concern basis unless it is inappropriate to do so.

The Board is responsible for keeping proper accounting records which 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 Industrial and Provident Societies Acts and the Housing Acts. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities by establishing and maintaining a satisfactory system of control over the Company's accounting records, cash holdings and all its receipts and remittances.

As far as the Board is aware there is no relevant audit information of which the auditors are unaware.

The Board has taken all steps they ought to have taken as board members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **Statement on the System of Internal Control**

The Company views the matter of corporate governance with extreme seriousness. In so doing, it complies with all legislative requirements and with codes of best practice.

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Company'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 Company is exposed and is consistent with Turnbull principles as incorporated in the Housing Corporation's Circular R2-25/01: internal controls assurance.

## **GREAT PLACES HOUSING GROUP LIMITED**

### **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

#### **Statement on the System of Internal Control (continued)**

The process 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, includes:

On 1<sup>st</sup> April 2006 Manchester Methodist Housing Association, together with Ashiana Housing Association, formed the Great Places Housing Group. From that date a range of services were then provided centrally by Great Places, under service level agreement arrangements.

- **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 ongoing process of management review in each area of the Company's activities. The management team regularly considers and receives reports on significant risks facing the association and a risk evaluation process (including a report thereon) forms an embedded part of each report going to the Board and the executive team of Great Places Housing Group. The Board of the Great Places Group, the Group Audit Committee and the Group Finance Committee, as well as the Group Executive team, all play key roles in this process. The Chief Executive is responsible for reporting to the Board any significant changes affecting key areas.
- **Environmental and control procedures**  
The Board retains responsibility for a defined range of issues covering strategic, operational and financial and compliance issues. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. Of these policies, many now exist at Group level and are cascaded down to the Group subsidiaries.
- **Information and financial reporting systems**  
Financial reporting processes include a long term business plan, detailed budgets for the year ahead, detailed management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the management team and are considered and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.
- **Monitoring and corrective action**  
A process of regular management reporting on control issues provides assurance to senior management 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 that may have a material impact on the Financial Statements and delivery of our services.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the senior management team and report to the Group Audit Committee. Internal Audit has right of direct access to the Board if that is deemed necessary by it. The Group Audit Committee considers internal control and risk at each of its meetings during the year on behalf of the Great Places Group and its subsidiaries.

The Group Audit Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process. The Group Audit Committee and the Group Chief Executive each make an annual report to the Group Board. The Board has received these reports.

**GREAT PLACES HOUSING GROUP LIMITED**

**REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

**Statement on the System of Internal Control (continued)**

The Board confirms that there is an ongoing process for identifying and managing significant risks faced by the company. This process has been in place throughout the year under review, up to the date of the annual report and accounts, and is regularly reviewed by the Board.

**Auditors**

The auditors, Beaver and Struthers, are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

**The report of the Board was approved on 26 July 2007  
and signed on its behalf by:**

A handwritten signature in black ink, appearing to be 'Phil Elvy', written over a horizontal line.

**Phil Elvy,  
Secretary**



**GREAT PLACES HOUSING GROUP LIMITED**  
**OPERATING AND FINANCIAL REVIEW**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**Nature of the Business**

Great Places Housing Group ("Great Places") is one of the largest RSLs in the North West and also has one of the largest development programmes in the Region.

The Group was formed on 1st April 2006 when Manchester Methodist Housing Association ("MMHA") and Ashiana Housing Association ("Ashiana") joined together and Central Methodist Housing Association ("CMHA"), until then a subsidiary of MMHA, was elevated in the structure to become a first tier subsidiary.

On 1<sup>st</sup> January 2007 Space New Living Limited ("Space") joined the Group as a subsidiary of Great Places.

The Group now comprises

- Great Places Housing Group Limited - the non asset owning parent (An Industrial and Provident society not having charitable status);
- Manchester Methodist Housing Association Limited (An Industrial and Provident society with charitable status);
- Ashiana Housing Association Limited (A charitable company limited by guarantee);
- Space New Living Limited (An Industrial and Provident society with charitable status);
- Central Methodist Housing Association Limited (An Industrial and Provident society not having charitable status);

In addition the following companies are also part of the Group:

- Terra Nova (a company limited by shares) is a subsidiary of MMHA;
- Cube Lifestyle Limited ("Cube") (a company limited by guarantee) is a subsidiary of Space; and
- City Road Developments Limited (a company limited by shares) is a subsidiary of Cube.

The Group has the following housing stock owned and/or in management at the end of the financial year.

	2007	2006
<b>Analysed by accommodation type</b>	<b>No</b>	<b>No</b>
General Needs	7,506	7,379
Supported housing	1,277	1,249
Shared Ownership/leasehold	888	822
Keyworker/student accommodation	713	713
Properties owned but managed by other Agencies	84	77
Properties managed, owned by others	478	481
<b>TOTAL</b>	<b>10,946</b>	<b>10,721</b>

# **GREAT PLACES HOUSING GROUP LIMITED**

## **OPERATING AND FINANCIAL REVIEW (continued) FOR THE YEAR ENDED 31 MARCH 2007**

### **Nature of the Business (continued)**

	2007	2006
<b>Analysed by Group Member</b>	<b>No</b>	<b>No</b>
MMHA	5,785	5,671
Space	2,832	2,783
Cube	245	245
Ashiana	1,475	1,488
CMHA	798	724
Deduct units owned by one Group member, managed by another	(189)	(190)
<b>Total</b>	<b>10,946</b>	<b>10,721</b>

The Group has a further 905 units under development (2006: 709 units).

The Group has a broad mix of stock covering many local authorities in the North West of England and also operates in 3 of the 4 Housing Market Renewal Pathfinder areas in the Region.

The Group is delighted that over 96% of its stock now meets the decent homes standard and had clear plans to address those currently failing the standard. The financial requirements of the stock condition survey are fully funded over the life of the business plan.

The Group and its RSL subsidiaries are regulated by the Housing Corporation with whom they are registered. The Group has to comply with the Corporation's Regulatory Code. Performance is assessed by means of annual assessment against four main criteria: governance, viability, management and development. The Corporation uses a "traffic light" system to measure its assessment for the association and its latest assessment awarded the Group four green lights.

In addition the Group is subject to inspection by the Audit Commission's Housing Inspectorate and both Space and Ashiana have been individually assessed as being 1\* organisations.

The Group is governed by a Board of Management currently comprising of 11 non-executive members, who receive no remuneration apart from travelling expenses, and also the Chief Executive of Great Places. Senior management team members are also in attendance at board meetings. The members of the Board and Management Team are set out on page 1. The Board is responsible for ensuring all activities are covered by relevant policies and procedures.

Each of the subsidiaries also has its own Board, responsible for implementation of Group strategy at a local level.

The Group is committed to Equality & Diversity for all its employees, who in turn are committed to providing the Group's services to all members and sectors of the communities it works with.

It is the Group's policy to ensure the safety, health and welfare of its employees while at work by maintaining safe places and systems of work.

# **GREAT PLACES HOUSING GROUP LIMITED**

## **OPERATING AND FINANCIAL REVIEW (continued) FOR THE YEAR ENDED 31 MARCH 2007**

### Summary of 2006/07 performance

The 2006/7 was the first financial year for the Group which was established on 1<sup>st</sup> April 2006. Space New Living joined the Group on 1<sup>st</sup> January 2007 and having adopted the merger accounting treatment, the full year's result for Space are included in the Group's result for the year as presented below.

### Turnover and operating surplus by Company

£000s	2007	2006	2007	2006
	Turnover		Operating Surplus (Deficit)	
Great Places	2,115	-	5	-
MMHA	29,467	27,924	6,857	6,312
Terra Nova	13,526	11,649	49	19
CMHA	1,294	1,038	193	165
Ashiana	3,861	4,143	662	920
Space	8,874	8,415	2,157	2,136
Cube	396	496	(64)	66
City Road Developments	-	2,677	1	-
Consolidation Adjustment	(16,646)	(12,567)	(306)	(288)
<b>Group Total</b>	<b>42,887</b>	<b>43,775</b>	<b>9,554</b>	<b>9,330</b>

The detailed results for the year are set out in the financial statements on pages 13 to 51.

### Accounting policies

The principle accounting policies are set out in note 1 to the financial statements on pages 20 to 23.

The most critical accounting policies in terms of impact on the financial statements are those relating to Housing Properties (which includes acquisition and construction of properties, treatment of capital grants, treatment of improvements and property depreciation and impairment), Supporting People and Pensions.

The policy on capitalisation of improvement works has been reviewed following the establishment of the Group to ensure consistency across all members. The policy itself has not been revised but a change has been made to the rate of capitalisation determined by the mix of works undertaken. This has not made a material difference to the Group. The Group continues to treat the income from the first tranche sale of shared ownership properties as a reduction in the cost of the fixed asset.

### Key performance indicators/Monitoring performance:

The Group has introduced a balanced scorecard which gathers a range of performance information to provide a rounded picture of performance across Great Places in total and for each of the operating subsidiaries. The table overleaf presents some of the KPIs for 2006/7.

## GREAT PLACES HOUSING GROUP LIMITED

### OPERATING AND FINANCIAL REVIEW (continued) FOR THE YEAR ENDED 31 MARCH 2007

#### Summary of 2006/07 performance (continued)

Year to end 31/3/2007	Space	MMHA	Ashiana	Group
Routine repairs completed on time	97.8%	97.0%	94.8%	97.0%
Tenancy turnover	10.6%	20.1%	8.1%	16.0%
Current rent arrears	4.7%	5.5%	7.0%	5.4%
Average relet time	42 days	29 days	45 days	35 days
Total void loss	2.3%	3.4%	1.8%	2.9%
General needs stock vacant	1.4%	1.7%	1.7%	1.6%
Operating cost as a % of turnover	68.3%	71.2%	70.0%	70.2%
Sickness absence	4.6 days	7.7 days	5.5 days	7.2 days

#### Risk assessment and management

Risk management is crucial if Great Places is to continue to be a successful and growing organisation, and it is embedded into what we do through our project management and review processes. Our Corporate Plan identifies the top 25 risks facing the Group, whilst the Group risk register identifies a far greater number of risks, and, for each shows the plans in place for risk management and mitigation.

The Group's business plan and those of its subsidiaries are a key element of the risk identification process, helping to establish the scale and immediacy of risk measured by financial outcomes through a range of sensitivity analyses and scenarios.

The Group maintains appropriate insurance cover for all its assets and those of its subsidiaries, in addition to maintaining liability insurance for the Board and staff of the Group.

#### Great Places vision, values and strategic objectives

In the first quarter of 2007, with Space having joined the Group, the Group vision was revisited to ensure a message which all parts of the Group would have a stake in. The new Group vision is:

#### **"Strong, bright and real"**

*We're strong* – bold, energetic, forceful, have sound finances and solid roots  
*We're bright* – innovative, fresh, new, colourful and stylish  
*We're real* – feet on the ground, customer focussed, know where we come from, realistic, there's substance to what we do

Each of the Group members has their own vision statements that set out how they deliver their part of the Great Places Vision:

Our values are common to all members of the Group:

- To be fair, open and accountable
- To know and value our customers and the communities in which they live
- To recognise our talented, enthusiastic staff and all those who contribute to our success

## GREAT PLACES HOUSING GROUP LIMITED

### OPERATING AND FINANCIAL REVIEW (continued) FOR THE YEAR ENDED 31 MARCH 2007

#### Great Places vision, values and strategic objectives (continued)

Having set out the vision of where we want to be, and identified the values that help drive how we want to get there, the Group has identified a number of high level objectives that inform how we will go about achieving the vision and making it a reality.

The objectives are set out in detail in our Corporate Plan and just some of the objectives are identified below:

- We will put the needs and aspirations of our tenants and customers at the heart of everything we do;
- We aim to have at least 20,000 homes in our Group, owned and/or managed;
- We will remain financially viable by carefully considering the short, medium and long term implications of our business strategies, balancing the potential risks with the possible opportunities and making rational, well informed decisions;
- We will ensure we have effectively secured the necessary financing to meet our requirements;
- We will be a good example to others of how diverse communities can work closely together, creating vibrancy, energy and sustainability;
- We will promote energy efficiency measures to our tenants, staff and partners and work to reduce fuel poverty in our properties;
- We will adopt the highest standards of Corporate Governance.

Within the first couple of months of the start of the new financial year, several major milestones have already been reached in delivering these objectives:

- On 30<sup>th</sup> April 2007, two estates totalling almost 1500 units transferred to MMHA in Sheffield;
- In April 2007 MMHA learned that it had been successful in winning a contract to manage almost 800 units for Windmill Housing Association in Blackpool. The contract commences in July 2007;
- In June 2007 a new subsidiary was established to undertake outright sales activity on behalf of the Group;
- In the first quarter of 2007 a total of £315m of new and refinancing facilities was negotiated with 4 major funders;
- The Group has commissioned a Governance review to ensure the highest standards of Governance are put in place;
- The Group has continued to work closely with the Housing Corporation in order to maintain our position as a lead development partner.

**GREAT PLACES HOUSING GROUP LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**GREAT PLACES HOUSING GROUP LIMITED**

We have audited the Financial Statements on pages 13 to 51 for the year ended 31 March 2007 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 20 to 23.

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

**Respective responsibilities of the Board and auditors**

The Board's responsibilities for preparing the Report of the Board, the Operating and Financial Review and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities on page 4.

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

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial & Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, Schedule 1 of the Housing Act 1996 (as amended by the Housing Act 2004) and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if the Association has not kept proper accounting records, if the association has not maintained a satisfactory control over its transactions and if we have not received all the information and explanations which are necessary for the purposes of our audit.

We read information contained in the Report to the Board and the Operating and Financial Review, and consider whether it is not inconsistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

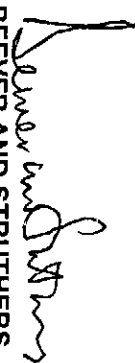
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the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

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

**Opinion**

In our opinion, the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Association and of the Group as at 31 March 2007 and of their surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, Schedule 1 of the Housing Act 1996 (as amended by the Housing Act 2004) and the Accounting Requirements for Registered Social Landlords General Determination 2006 and the information in the Report of the Board and the Operating and Financial Review is not inconsistent with the financial statements.

St. George's House  
215-219 Chester Road  
MANCHESTER  
M15 4JE

  
BEEVER AND STRUTHERS  
Registered Auditors  
Dated: 26 July 2007

**GREAT PLACES HOUSING GROUP LIMITED**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

	Note	2007 £000	2006 £000
<b>TURNOVER: group and share of joint venture</b>		<b>42,993</b>	<b>43,775</b>
Less: share of joint ventures' turnover		(106)	-
<b>GROUP TURNOVER</b>	2	<b>42,887</b>	<b>43,775</b>
<b>OPERATING COSTS</b>	2	<b>(33,333)</b>	<b>(34,445)</b>
<b>OPERATING SURPLUS</b>	4	<b>9,554</b>	<b>9,330</b>
Surplus on sale of housing properties	9	1,135	1,778
<b>GROUP OPERATING SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	4	<b>10,689</b>	<b>11,108</b>
Share of operating profit in joint venture	14	-	-
Interest receivable	5	662	556
Interest payable	6	(8,047)	(7,717)
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,304</b>	<b>3,947</b>
Gift aid (payment)/receipt	8	-	-
Tax credit/(charge) on surplus on ordinary activities	7	100	(84)
<b>SURPLUS FOR YEAR AFTER TAXATION</b>	23	<b>3,404</b>	<b>3,863</b>

There were no recognised gains and losses other than those included in the Income and Expenditure Account and therefore no separate statement of recognised gains and losses has been produced.

All amounts relate to continuing activities.

The above surpluses are the historical cost surpluses.

The Notes to the Financial Statements contained in pages 20 to 51 form an integral part of the Financial Statements.

**GREAT PLACES HOUSING GROUP LIMITED**  
**HOLDING COMPANY INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

	Note	2007 £000	2006 £000
<b>TURNOVER</b>	2	2,115	-
<b>OPERATING COSTS</b>	2	(2,110)	-
<b>OPERATING SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	4	5	-
Interest receivable	5	1	-
Interest payable	6	-	-
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6	-
Tax on surplus on ordinary activities	7	-	-
<b>SURPLUS FOR YEAR AFTER TAXATION</b>		6	-

There were no recognised gains and losses other than those included in the Income and Expenditure Account and therefore no separate statement of recognised gains and losses has been produced.

All amounts relate to continuing activities.

The above surpluses are the historical cost surpluses.

The Notes to the Financial Statements contained in pages 20 to 51 form an integral part of the Financial Statements





**GREAT PLACES HOUSING GROUP LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007**

	Note	2007 £000	2006 £000
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties at cost	12	468,959	432,725
Social housing grant	12	(278,003)	(258,878)
Depreciation	12	(12,559)	(10,439)
Other fixed assets	13	178,397	163,408
		6,611	7,049
		<u>185,008</u>	<u>170,457</u>
<b>INVESTMENTS</b>			
Homebuy initiative		7,436	6,564
Less: Social Housing Grant		(7,386)	(6,544)
		<u>50</u>	<u>20</u>
Investment in joint venture:			
Share of gross assets		135	-
Share of gross liabilities		(125)	-
	14	<u>10</u>	<u>-</u>
		<u>60</u>	<u>20</u>
<b>CURRENT ASSETS</b>			
Debtors due after one year	16	16	15
Debtors due within one year	16	6,401	9,695
Stock	15	1,887	1,366
Investments	17	4,000	5,268
Cash at bank and in hand		12,136	11,857
		<u>24,440</u>	<u>28,201</u>
<b>CREDITORS:</b> Amounts falling due within one year	18	(18,570)	(18,154)
<b>NET CURRENT ASSETS</b>		<u>5,870</u>	<u>10,047</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>190,938</u>	<u>180,524</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	19	149,233	142,223
<b>CAPITAL AND RESERVES</b>			
Share capital	22	-	-
Designated reserve	23	8,046	7,837
Revenue reserve	23	33,659	30,464
		<u>41,705</u>	<u>38,301</u>
		<u>190,938</u>	<u>180,524</u>

The Notes to the Financial Statements contained in pages 20 to 51 form an integral part of the Financial Statements.

The Financial Statements were approved by the Board on 26 July 2007 and were signed on its behalf by:

  
 BOARD MEMBER

  
 BOARD MEMBER

  
 SECRETARY


**GREAT PLACES HOUSING GROUP LIMITED**  
**HOLDING COMPANY BALANCE SHEET AS AT 31 MARCH 2007**

	Note	2007 £000	2006 £000
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties at cost	12	-	-
Social housing grant	12	-	-
Depreciation	12	-	-
Other fixed assets	13	177	-
		<u>177</u>	<u>-</u>
<b>CURRENT ASSETS</b>			
Debtors due after one year	16	-	-
Debtors due within one year	16	189	-
Stock	15	-	-
Investments	17	-	-
Cash at bank and in hand		-	-
		<u>189</u>	<u>-</u>
<b>CREDITORS: Amounts falling due within one year</b>	18	(360)	-
		<u>(171)</u>	<u>-</u>
<b>NET CURRENT LIABILITIES</b>			
		<u>(171)</u>	<u>-</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6</u>	<u>-</u>
<b>CREDITORS: Amounts falling due after more than one year</b>			
	19	-	-
<b>CAPITAL AND RESERVES</b>			
Share capital	22	-	-
Designated reserve	23	-	-
Revenue reserve	23	6	-
		<u>6</u>	<u>-</u>
		<u>6</u>	<u>-</u>

The Notes to the Financial Statements contained in pages 20 to 51 form an integral part of the Financial Statements.

The Financial Statements were approved by the Board on 26 July 2007 and were signed on its behalf by:

  
 BOARD MEMBER

  
 BOARD MEMBER

  
 SECRETARY

**GREAT PLACES HOUSING GROUP LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

	Note	2007 £000	2006 £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	1	14,697	13,153
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	2	(7,845)	(8,287)
<b>TAXATION PAID</b>	3	(9)	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	4	(14,761)	(9,934)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		(7,918)	(5,068)
<b>MANAGEMENT OF LIQUID RESOURCES</b>	5	1,268	15
<b>FINANCING</b>	6	7,086	1,534
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		436	(3,519)
<b>1 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			
		2007 £000	2006 £000
Operating surplus		10,689	11,108
Surplus on sale of housing properties		(1,135)	(1,778)
Depreciation		3,128	2,986
Amortisation charge		21	18
		12,703	12,334
Working capital movements:			
Debtors		1,706	159
Creditors		1,162	(246)
Other movement		(874)	906
		14,697	13,153

## GREAT PLACES HOUSING GROUP LIMITED

GROUP CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

	2007 £000	2006 £000
<b>2 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	734	556
Interest paid	(8,579)	(8,843)
Net cash outflow from returns on investments and servicing of finance	<u>(7,845)</u>	<u>(8,287)</u>
<b>3 TAXATION PAID</b>		
Tax Paid	(9)	-
	<u>(9)</u>	<u>-</u>
<b>4 NET CAPITAL EXPENDITURE</b>		
Purchase and construction of housing properties	(39,248)	(36,976)
Social housing grant received	20,004	20,409
Sales of housing properties (net)	4,899	6,645
Purchase of other fixed assets	(416)	(515)
Sales of other fixed assets	-	503
Net cash outflow on capital expenditure	<u>(14,761)</u>	<u>(9,934)</u>
<b>5 MANAGEMENT OF LIQUID RESOURCES</b>		
Placed on time deposit	(95)	(30,848)
Received from time deposit	1,363	30,863
Net cash outflow from management of liquid resources	<u>1,268</u>	<u>15</u>
<b>6 FINANCING</b>		
Housing loans received	11,201	10,124
Housing loans repaid	(3,785)	(7,963)
Non-housing loans repaid	(114)	(151)
Partner leases repaid	(109)	(109)
Loan issue costs incurred	(107)	(367)
Net cash inflow from financing	<u>7,086</u>	<u>1,534</u>

**GREAT PLACES HOUSING GROUP LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

	2007 £000	2006 £000
<b>7 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>		
(Increase)/Decrease in cash in the period	<b>(436)</b>	3,519
Cash used to repay loans	<b>(4,006)</b>	(8,223)
Cash received from loans	<b>11,201</b>	10,124
Issue costs incurred	<b>(107)</b>	(741)
Amortisation of issue costs	<b>88</b>	64
Cash used to decrease liquid resources	<b>1,268</b>	15
Indexation	<b>23</b>	15
Other non-cash movement	<b>276</b>	150
Movement in loan creditor	<b>(22)</b>	(99)
Change in net debt	<b>8,283</b>	4,824
Net debt at 1 April	<b>125,194</b>	120,370
Net debt at 31 March	<b>133,477</b>	125,194

<b>8 ANALYSIS OF CHANGES IN NET DEBT</b>				
	At 1 April 2006 £000	Cash Flows £000	Other Changes £000	At 31 March 2007 £000
Cash and bank	11,857	279	-	12,136
Overdrafts	(157)	157	-	-
Debt due within one year	(2,058)	3,594	(3,545)	(2,009)
Debt due after one year	(137,480)	(10,896)	3,560	(144,816)
Partner leases due within one year	(147)	207	(287)	(227)
Partner leases due after one year	(2,477)	-	(84)	(2,561)
Current asset investments	5,268	(1,268)	-	4,000
	<u>(125,194)</u>	<u>(7,927)</u>	<u>(356)</u>	<u>(133,477)</u>

## GREAT PLACES HOUSING GROUP LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

#### 1 ACCOUNTING POLICIES

##### (a) Accounting convention

The Financial Statements of the Company have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and Statements of Recommended Practice. They comply with Schedule 1 of the Housing Act 1996, the Accounting Requirements for Registered Social Landlords General Determination 2006 and the Statement of Recommended Practice published by the National Housing Federation in 1999 as amended in 2005. All activities included in these Financial Statements are continuing.

##### (b) Basis of consolidation

The consolidated Financial Statements include the Company and its subsidiary undertakings as shown in Note 31. Of the subsidiaries, Manchester Methodist Housing Association, Ashiana Housing Association, Space New Living Limited, Cube Lifestyle Limited, Central Methodist Housing Association Limited and Terra Nova Developments Limited traded during the year. All other subsidiaries were dormant and non-trading throughout the year. Intra group transactions are eliminated on consolidation.

##### (c) Finance

The Financial Statements have been prepared on the basis that the capital expenditure referred to in Note 12 will be grant-aided and/or funded by first tranche sales and/or loans and/or met out of reserves.

##### (d) Housing properties

Housing properties are principally properties which are available for rent and are stated at cost less social housing and similar grant. 'Cost' includes the cost of acquiring land and buildings, development costs and interest charges incurred during the development period to the point when practical completion is reached. In addition, improvements to housing properties which prolong their economic lives, add to the value of the properties or reduce the ongoing running costs of the property are capitalised. This may include expenditure required to ensure a property meets the requirements of new legislation or regulations, which the property must now meet or else it could not be made available for letting. No addition is made in respect of internal administration costs. Like for like expenditure of a replacement nature is not capitalised.

Following FRS 15, housing properties are now subject to depreciation. In accordance with recognised and recommended practice, the residual value of housing properties is deemed to be the land value attaching to the cost of each property less the proportion of SHG attributable thereto. Depreciation is provided on the cost of housing properties less the sum of the residual value and the balance of the HAG/SHG received in respect of those properties so as to write them off on a straight line basis over periods ranging from 8 years to 100 years. Housing properties in the course of construction are stated at cost and are not depreciated.

Any permanent diminution in value or impairment of housing properties is charged to the Income and Expenditure Account immediately it is recognised following FRS 11. This matter is reviewed annually and where housing properties have suffered impairment, the fall in value is recognised after taking account of any related capital grants. The Board has considered this issue and the movement relating to any provision or write back in respect of impairment is shown at Note 12 to the Financial Statements.

Shared ownership properties are treated as fixed assets throughout development and those under construction are re-designated 'completed' once the final first tranche sale on a scheme has legally completed. The first tranche sale of units is deducted from the cost of shared ownership housing properties. Subsequent tranches sold are reflected in the Income and Expenditure Account as a surplus or deficit after the operating result in accordance with FRS 3.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 1 ACCOUNTING POLICIES (continued)

## (e) Social housing grant (continued)

Social housing grant (SHG/formerly known as housing association grant – HAG) is receivable from the Housing Corporation and is utilised to reduce the capital cost of housing properties, thereby reducing the amount of mortgage required in respect of an approved scheme to a level which it is estimated can be serviced by the net annual income of the scheme. The amount of SHG receivable is calculated in accordance with instructions issued from time to time by the Housing Corporation.

SHG due from the Housing Corporation is included as a current asset. SHG received in respect of approved schemes in development in excess of cost met to date on those schemes is included as a creditor falling due within one year.

SHG received in respect of revenue expenditure is credited to Income and Expenditure Account in the same period as the expenditure to which it relates is charged.

SHG can be recycled by an RSL 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 Housing Corporation. However, SHG may have to be repaid if certain conditions are not met. Where SHG is recycled, it is credited to a fund which appears as a creditor until utilised.

SHG is subordinated to the repayment of loans by agreement with the Housing Corporation.

## (f) Other tangible fixed assets

Depreciation is provided on a straight line basis in respect of other fixed assets using the following rates:

Freehold and leasehold office property	2% per annum on cost
Office equipment, fixtures and fittings	10 - 25% per annum on cost
Scheme fixtures and fittings	33.33% per annum on cost
Computer and similar equipment	20% per annum on cost
Motor vehicles	25% per annum on cost

As required under FRS 11, the Board has considered the question of impairment in relation to other tangible fixed assets and considers that no write down of carrying values is necessary.

## (g) Properties for sale

Properties developed for outright sale, prior to their sale, are included under current assets as stock and, following sale, are included in turnover and cost of sales in the Income and Expenditure Account. As noted at (e) above, sales of shared ownership properties, other than first tranche sales which are deducted from cost, are shown as a separate item in the Income and Expenditure Account after the operating surplus. All other sales of fixed asset properties are dealt with in this latter manner.

## (h) Leased assets and those acquired under hire purchase agreements

Assets held under finance leases or acquired under hire purchase agreements are included in the Balance Sheet and are depreciated in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental payments is charged to the Income and Expenditure Account over the period of the agreement on a straight line basis. Rentals paid under operating leases are charged to the income and expenditure account as incurred.

## (i) Provisions

The Company only provides for contractual liabilities.

## (j) Major repairs, etc.

**Designated reserves:**

The Group designates those reserves which have been set aside for uses which, in the judgement of the Board, prevent them from being regarded as part of the free reserves of the association.

# GREAT PLACES HOUSING GROUP LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 (continued)

### 1 ACCOUNTING POLICIES (continued)

#### (j) Major repairs, etc. (continued)

##### Major repairs designation:

The Group designates those reserves set aside for future major repairs on all of its housing properties. The amounts set aside are based on a stock condition survey of the Group's properties. The total of the major repairs designation is the amount which the Board estimates is required for future major repairs.

##### Service charge sinking funds:

Service charge sinking funds are dealt with as creditors.

#### (k) Loan interest, loan finance issue costs and loan premiums received:

The full cost of deferred interest rate and indexation loans are shown in the Income and Expenditure Account.

Loan finance issue costs are charged to, and loan premiums received are credited to, the Income and Expenditure Account over the life of the loans to which they relate. Loans are stated in the Balance Sheet at the amount of the net proceeds after issue plus increases to account for any subsequent amounts written off/back and for any indexation.

#### (l) Forfeit/cancelled shares

Shares in the Company issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeit and the value is credited to the revenue reserve.

#### (m) Value Added Tax (VAT)

The trading members of the group are registered for VAT, but excluding Terra Nova Developments Limited a large proportion of their income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation.

#### (n) Taxation

The Company does not have charitable status and is therefore liable to corporation tax. An estimate of the corporation tax liability due in respect of the taxable surplus for a financial period is charged in the Income and Expenditure Account of the period and that amount is carried as a creditor until the liability is agreed with the Inland Revenue and is paid. Once the actual liability is agreed, any under or over provisioning is charged in or written back through the Income and Expenditure Account.

#### (o) Pensions

The Company participates in the Social Housing Pension Scheme defined benefit pension scheme. Retirement benefits to employees of the association are funded by contributions from all participating employers and employees in the scheme. Payments are made to the fund operated by The Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary and other 'not for profit' organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole. The expected cost to the association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees. More detailed disclosure with regard to pensions is stated at Note 11 to the Financial Statements.

#### (p) Supporting People Income and Expenditure

This income includes Supporting People 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.



## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 1 ACCOUNTING POLICIES (continued)

## (p) Supporting People Income and Expenditure – continued

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. Supporting People 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.

## (q) Property managed by agents

Where the Group carries 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 of the Group. Where the agency carries the financial risk, the Income and Income and expenditure arising from the property is included in the Income and Expenditure Account of the Group. Where the agency carries the financial risk, the Income and Expenditure Account includes only that income and expenditure which relates to the Group. In both cases, where revenue grants are claimed by the Group, these are included as income in the Income and Expenditure Account and as expenditure to the extent that they are passed to the agent.

## (r) Homebuy

The Group operates the Homebuy scheme, lending a percentage of the cost to home purchasers secured on the property. The loans are interest free and are repayable only on the sale of the property. On sale, the fixed percentage of the proceeds are repaid. The loans are financed by an equal amount of SHG. On repayment:

- (i) the SHG is recycled;
- (ii) the SHG is written off, if a loss occurs;
- (iii) the Group keeps any surplus.

## (s) Turnover

Turnover comprises:

- (i) rental and service charge income from tenants and leaseholders receivable in the year;
- (ii) revenue grants receivable in the year; and
- (iii) income from property sales and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year.

## (t) Derivatives

The Group applies the provisions of FRS13 in the treatment of financial instruments and derivatives. The Group uses interest rate swaps to reduce exposure to future increases in interest rates on floating rate loans. The notional principal is not reflected in the Group's Balance Sheet. Payments made under swaps are accrued over the payment period on a straight line basis and adjusted against interest payable on loans.

## (u) Joint Venture Accounting

Manchester Methodist Housing Association has an investment in a joint venture on consolidation this has been accounted for under the Gross Equity Method of Accounting for Joint Ventures in accordance with FRS 9.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)2 TURNOVER, COST OF SALES, OPERATING  
COSTS & OPERATING SURPLUS

(a)	Group				
		Turnover	Operating Costs	Operating Surplus	
		£000	£000	£000	
Year ended 31 March 2007 –					
Income and expenditure from social housing lettings:					
	Housing accommodation	24,315	(16,851)	7,464	
	Special needs accommodation	6,397	(6,073)	324	
	Key worker accommodation	1,475	(1,371)	104	
	Shared ownership accommodation	1,034	(222)	812	
		33,221	(24,517)	8,704	
Other social housing activities:					
	Supporting People contract income	4,720	(4,687)	33	
	Managed properties	1,101	(975)	126	
	Other	2,351	(1,943)	408	
Non social housing activities:					
	Outright property sales	1,299	(1,066)	233	
	Market rented	195	(145)	50	
		42,887	(33,333)	9,554	
Year ended 31 March 2006 -					
Income and expenditure from social housing lettings:					
	Housing accommodation	22,970	(16,469)	6,501	
	Special needs accommodation	6,285	(5,761)	524	
	Key worker accommodation	1,434	(1,232)	202	
	Shared ownership accommodation	855	(154)	701	
		31,544	(23,616)	7,928	
Other social housing activities:					
	Supporting People contract income	5,272	(5,208)	64	
	Managed properties	1,077	(859)	218	
	Other	2,695	(1,870)	825	
Non social housing activities:					
	Outright property sales	2,981	(2,752)	229	
	Market rented	206	(140)	66	
		43,775	(34,445)	9,330	

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)2 TURNOVER, COST OF SALES, OPERATING  
COSTS & OPERATING SURPLUS (continued)

(b) Company

	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000
Year ended 31 March 2007 –			
Income and expenditure from lettings:			
Housing accommodation	-	-	-
Special needs accommodation	-	-	-
Key worker accommodation	-	-	-
Shared ownership accommodation	-	-	-
	-	-	-
Other income and expenditure:			
Supporting People contract income	-	-	-
Other Supporting People income	-	-	-
Managed properties	2,115	(2,110)	5
Other	-	-	-
	<u>2,115</u>	<u>(2,110)</u>	<u>5</u>

Year ended 31 March 2006 –

Income and expenditure from lettings			
Housing accommodation	-	-	-
Special needs accommodation	-	-	-
Key worker accommodation	-	-	-
Shared ownership accommodation	-	-	-
	-	-	-
Other income and expenditure:			
Supporting People contract income	-	-	-
Other Supporting People income	-	-	-
Managed operations	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 3 PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

## (a) Group

	2 0 0 7					2 0 0 6				
	General Needs housing	Supported Housing and housing for older people	Key worker accomm	Shared o/ship accomm	Total	General Needs housing	Supported Housing and housing for older people	Key worker accomm	Shared o/ship accomm	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Rent receivable net of identifiable service and support charges	22,645	3,274	1,389	1,034	28,342	21,548	3,078	1,351	855	26,832
Service charges receivable	1,028	2,391	12	-	3,431	866	2,502	11	-	3,379
Charges for support services	-	546	-	-	546	-	469	-	-	469
Net rental income	23,673	6,211	1,401	1,034	32,319	22,414	6,049	1,362	855	30,680
Major repairs grants from Housing Corporation	534	-	-	-	534	435	-	-	-	435
Other revenue grants receivable	108	186	74	-	368	121	236	72	-	429
Total income from letting activities (see Note 2)	24,315	6,397	1,475	1,034	33,221	22,970	6,285	1,434	855	31,544
Expenditure on letting activities:										
Services	(1,304)	(1,624)	(709)	(14)	(3,651)	(940)	(1,631)	(681)	(8)	(3,260)
Management	(4,801)	(2,718)	(226)	(117)	(7,862)	(4,158)	(2,763)	(198)	(61)	(7,180)
Routine maintenance	(6,054)	(1,057)	(184)	(1)	(7,296)	(6,106)	(942)	(209)	(5)	(7,262)
Rent losses from bad debts	(320)	(113)	(4)	-	(437)	(294)	(8)	(3)	1	(304)
Major repairs expenditure	(2,726)	(339)	(47)	-	(3,112)	(3,296)	(233)	(34)	-	(3,563)
Other costs	(171)	(31)	-	(66)	(268)	(202)	(21)	-	(58)	(281)
Lease payments to partners	(203)	-	-	-	(203)	(172)	-	-	-	(172)
Depreciation of leased properties	(166)	-	-	-	(166)	(147)	-	-	-	(147)
Depreciation of housing properties	(1,106)	(191)	(201)	(24)	(1,522)	(1,154)	(163)	(107)	(23)	(1,447)
Total expenditure on letting activities	(16,851)	(6,073)	(1,371)	(222)	(24,517)	(16,469)	(5,761)	(1,232)	(154)	(23,616)
Operating surplus on letting activities (see Note 2)	7,464	324	104	812	8,704	6,501	524	202	701	7,928
Void losses	295	384	103	-	782	353	697	192	-	1,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

### 3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

**(b) Company**

[illegible]

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

	2007		2006	
	Group £000	Company £000	Group £000	Company £000
<b>4 OPERATING SURPLUS</b>				
The operating surplus is stated after charging/(crediting):				
Bad debts including transfer to provision for bad & doubtful debts	437	-	304	-
Depreciation of housing properties	2,045	-	2,099	-
Depreciation of other tangible fixed assets	827	17	906	-
(Loss)/gain on sale of other tangible fixed assets	(11)	-	5	-
Operating lease rentals	268	-	94	-
Depreciation of leased properties	299	-	147	-
Auditors remuneration (incl. VAT) – for audit services	38	2	35	-
for non-audit services	40	2	35	-
Auditors remuneration (incl VAT) for BDO Stoy Hayward for audit services	21	-	24	-
<b>5 INTEREST RECEIVABLE AND OTHER INCOME</b>				
Bank interest	662	1	556	-
<b>6 INTEREST PAYABLE AND SIMILAR CHARGES</b>				
Interest on loans repayable wholly or partly in five years or less	-	-	160	-
Interest on loans repayable wholly or partly in more than five years by instalments	8,754	-	8,117	-
On leases	215	-	234	-
Interest payable capitalised on housing properties under construction	(922)	-	(794)	-
	8,047	-	7,717	-
The weighted average interest rate of borrowings of 5.25% (2006: 5.50% was used for calculating capitalised interest).				
	2007		2006	
	Group £000	Company £000	Group £000	Company £000
<b>7 CORPORATION TAX</b>				
(a) Analysis of charge in the period -				
The tax charge on the surplus on ordinary activities for the year was:				
Current tax:				
UK corporation tax charge for year	41	-	150	-
Over provision in previous years	(140)	-	(66)	-
Total current tax	(99)	-	84	-
Deferred tax:				
Origination and reversal of timing differences	(1)	2	-	-
Tax on surplus on ordinary activities	(100)	2	84	-

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

	2007		2006	
	Group £000	Company £000	Group £000	Company £000
<b>7 CORPORATION TAX (continued)</b>				
<b>(b) Factors affecting tax charge for the period -</b>				
Surplus on ordinary activities	3,304	6	3,947	-
Less: Exempt due to charitable status of holding company	(2,972)	-	(3,547)	-
	332	6	400	-
Whereon corporation tax at the standard rate of 30% (2006: 30%)	100	2	120	-
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	19	-	46	-
Difference in corporation tax rates Between individual companies	-	-	(5)	-
Indexation on disposal of property	(5)	-	(8)	-
Movement in VI losses	23	7	1	-
Capitalised interest	(1)	-	(3)	-
Adjustments to tax charge in respect of previous periods	(141)	-	(66)	-
Gift aid payment below PBT line	(79)	-	-	-
Marginal relief	(7)	-	(1)	-
Capital allowances in excess of depreciation	(9)	(9)	-	-
Current tax charge for the period	(100)	-	84	-

**(c) Factors affecting future tax charges -**

No deferred tax asset is recognised on the group's DVI losses. The amount unprovided for is £57,538 (2006: -£61,738). The losses would only be relieved if the group was to make surpluses on its DVI activities.

	2007		2006	
	Group £000	Company £000	Group £000	Company £000

**8 GIFT AID**

Payment received as Gift Aid in accordance with s339 (7AA) of the Income & Corporation Taxes Act 1988

	-	-	-	-
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## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

	2007		2006	
	Group £000	Company £000	Group £000	Company £000
<b>9 SALE OF FIXED ASSETS</b>				
Proceeds received from sales	2,899	-	6,188	-
Cost of sales	(1,764)	-	(4,410)	-
Gain on sale	<u>1,135</u>	<u>-</u>	<u>1,778</u>	<u>-</u>

**10 DIRECTORS AND MEMBERS**

The directors of the association are the members of the Board including the Chief Executive and those officers who are directors and who report directly to the Board or to the Chief Executive.

	2007		2006	
	Group £000	Company £000	Group £000	Company £000
Emoluments of the association's directors including pension contributions	<u>562</u>	<u>562</u>	<u>400</u>	<u>-</u>
Emoluments of the Chief Executive, who was also the highest paid director, excluding pension contributions	<u>134</u>	<u>134</u>	<u>119</u>	<u>-</u>

Other than to the Chief Executive who was appointed to the Board on 1<sup>st</sup> April 2006 and who was remunerated solely in respect of the performance of his duties as Chief Executive, no emoluments were paid to any member of the Board during the year (2006: £Nil).

For the year to March 2006 the Group directors emoluments disclosed here relate to those Great Places Housing Group directors who previously reported to the Manchester Methodist Housing Group Board.



## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

2007				2006	
Group No.	Company No.	Group No.	Company No.		

## 11 EMPLOYEES

The average weekly number of employees (full-time equivalents) during the year was –

Administration	109	38	136	-
Development	30	1	25	-
Housing	328	-	297	-
	<u>467</u>	<u>39</u>	<u>458</u>	<u>-</u>

2007		2006	
Group	Company	Group	Company
£'000	£'000	£'000	£'000

Staff costs were –

Wages and salaries

Social security

Other pension costs

9,880	1,252	9,921	-
878	139	840	-
744	208	598	-
<u>11,502</u>	<u>1,599</u>	<u>11,359</u>	<u>-</u>

## a) Pensions: SHPS Scheme

Great Places Housing Group Limited together with its subsidiaries Space New Living, Ashiana Housing Association, Manchester Methodist Housing Association and Central Methodist Housing Association, (together "the group"), participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The scheme operated a single benefit structure, final salary 1/60<sup>th</sup> accrual rate, to March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a 1/60<sup>th</sup> accrual rate.
- Final salary with a 1/70<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Group has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members as at 31<sup>st</sup> March 2007 and the career average revalued earnings with a 1/60<sup>th</sup> accrual rate benefit structure for new entrants from 1<sup>st</sup> April 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

## GREAT PLACES HOUSING GROUP LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 (continued)

#### 11 EMPLOYEES (continued)

During the accounting period the Group paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age. As at the balance sheet date there were 222 active members of the Scheme employed by the group (2006: nil).

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,515 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £235 million, equivalent to a past service funding level of 87%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	<u>% p.a.</u>
Investment return pre retirement	7.2
Investment return post retirement	4.8
Rate of salary increases to 30 September 2010	5.0
Rate of salary increases from 1 October 2010	4.0
Rate of pension increases	2.5
Rate of price inflation	2.5

The valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2015 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<u>Males</u>	<u>Females</u>
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	20.4	23.3
Pensioners	19.4	22.4

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

	<u>Long-term joint contribution rate (% of pensionable salaries)</u>
Benefit structure	
Final salary with 1/60 <sup>th</sup> accrual rate	17.6
Final salary with 1/70 <sup>th</sup> accrual rate	15.3
Career average revalued earnings with a 1/60 <sup>th</sup> accrual rate	14.1

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 11 EMPLOYEES (continued)

With effect from 1 April 2007 the employer and employee contribution rates for the Group will be 12.30% to 14.05% and 4.70% to 8.45% of pensionable salaries respectively.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

As shown above, the total pension cost for the association was £ (2006: £598,000). The Chief Executive is a member of the SHPS Scheme. No enhancement or special terms apply to his membership. The association makes no contribution to any pension arrangements in respect of the Chief Executive other than the ordinary employer's contributions required by the SHPS Scheme. The association's contribution to the Chief Executive's pension during the year was £15,978 (2006: £12,335).

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30<sup>th</sup> September 2005. As of this date the estimated employer debt for the Group was £18,625,000.

#### b) Pensions: Pensions Trust's Growth Plan

The Group participates in the Pensions Trust's Growth Plan. The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date.

From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

**GREAT PLACES HOUSING GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

**b) Pensions: Pensions Trust's Growth Plan (continued)**

The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

As at the balance sheet date there were active members of the Plan employed by the Group. The Group continues to offer membership of the Plan to its employees. The Group does not pay any contributions into the Growth Plan and the members contributions rate is at their own choosing.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £675 million and the Plan's Technical Provisions (i.e. past service liabilities) were £704 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Plan as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £747 million and indicated a surplus of assets compared to liabilities of approximately £2 million, equivalent to a funding level of 100.2%. Annual funding updates of the Growth Plan are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the Plan since the last full valuation.

Since the contribution rates payable to the Plan have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% p.a.
Investment return pre retirement	6.6
Investment return post retirement	4.5
Bonuses on accrued benefits	0.0
Rate of price inflation	2.5

The valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2015 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## b) Pensions: Pensions Trust's Growth Plan (continued)

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	20.4	23.3
Pensioners	19.5	22.5

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million will be cleared within 5 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 7.6% per annum pre retirement and 4.8% per annum post retirement.

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the Growth Plan and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan at 30 September 2005. As of this date the estimated employer debt for the Group was £108,000.

**GREAT PLACES HOUSING GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

**12 TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

	2 0 0 7				2006	
	Completed schemes		Under construction			
(a) Group	Shared o/ship £000	Other £000	Shared o/ship £000	Other £000	Total £000	Total £000
<b>Cost</b>						
At 1 April	23,368	370,319	7,969	31,069	432,725	405,628
Added during year	6,428	2,278	9,107	22,418	40,231	39,065
Capitalisation of major repairs	-	1,974	-	-	1,974	1,756
Additions re capitalised Lease	-	923	-	-	923	-
First tranche sale proceeds	(2,304)	-	(2,502)	-	(4,806)	(9,787)
Disposals in year	(1,412)	(676)	-	-	(2,088)	(3,937)
Tf'd on Completion	4,414	22,819	(4,414)	(22,819)	-	-
At 31 March	30,494	397,637	10,160	30,668	468,959	432,725
<b>SHG</b>						
At 1 April	11,398	222,050	3,054	22,376	258,878	241,213
Rec'able in year	2,489	1,865	1,616	14,023	19,993	19,514
Rec'able in year re capitalised Lease	-	467	-	-	467	-
Disposals in year	(536)	(375)	(424)	-	(1,335)	(1,849)
Tf'd on Completion	1,321	9,378	(1,321)	(9,378)	-	-
At 31 March	14,672	233,385	2,925	27,021	278,003	258,878
<b>Depreciation</b>						
At 1 April	240	10,150	-	-	10,390	8,352
Charge for year	98	2,112	-	-	2,210	2,081
Adjustment re capitalised lease	-	91	-	-	91	-
Disposals in year	(15)	(166)	-	-	(181)	(43)
At 31 March	323	12,187	-	-	12,510	10,390
<b>Impairment</b>						
At 1 April	-	49	-	-	49	49
Charge for year	-	-	-	-	-	-
Disposals/releases in year	-	-	-	-	-	-
At 31 March	-	49	-	-	49	49
<b>Net book value</b>						
At 1 April	11,730	138,070	4,915	8,693	163,408	156,014
At 31 March	15,499	152,016	7,235	3,647	178,397	163,408
<b>Housing properties comprise:</b>						
Freehold land and buildings					142,009	126,246
Long leasehold land and buildings					36,388	37,162
					178,397	163,408

Additions in the year include approximately £1,957,000 (2006: £2,091,000) of internal administration costs. Expenditure to existing properties: £4,522,000 (2006: £4,412,000) has been spent on works to existing properties, of which £1,974,000 (2006: £1,756,000) has been capitalised, and £2,548,000 (2006: £2,656,000) has been treated as revenue.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 12 TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)

	2 0 0 7				2006	
	Completed schemes		Under construction			
	Shared o/ship £000	Other £000	Shared o/ship £000	Other £000	Total £000	Total £000
(b) Company						
Cost	-	-	-	-	-	-
At 1 April	-	-	-	-	-	-
Added during year	-	-	-	-	-	-
Capitalisation of major repairs	-	-	-	-	-	-
First tranche sale proceeds	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-
Tr'd on Completion	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-
SHG						
At 1 April	-	-	-	-	-	-
Recable in year	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-
Tr'd on Completion	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-
Depreciation						
At 1 April	-	-	-	-	-	-
Charge for year	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-
Impairment						
At 1 April	-	-	-	-	-	-
Charge for year	-	-	-	-	-	-
Disposals/releases in year	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-
Net book value						
At 1 April	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-
Housing properties comprise:						
Freehold land and buildings					-	-
Long leasehold land and buildings					-	-

13 TANGIBLE FIXED ASSETS – OTHER

Group

	2007						2006
	Lease- hold offices	Free- hold offices	Furniture and equipment	Computers	Motor Vehicles	Scheme Equipment	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>							
At 1 April	452	5,554	860	2,025	63	1,651	11,205
Additions in year	-	-	79	337	-	-	631
Write down of assets	-	-	-	-	-	-	-
Disposals in year	(3)	-	(87)	(470)	-	-	(1,231)
At 31 March	449	5,554	852	1,892	63	1,651	10,605
<b>Depreciation</b>							
At 1 April	238	327	393	985	19	1,583	3,647
Charge for year	44	31	145	525	14	68	906
Write down of assets	-	-	-	-	-	-	-
Disposals in year	(3)	-	(72)	(458)	-	-	(1,008)
At 31 March	279	358	466	1,052	33	1,651	3,545
<b>Capital Grants</b>							
At 1 April	-	-	7	4	-	-	11
Additions in year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 March	-	-	7	4	-	-	11
<b>Net book value</b>							
At 1 April	214	5,227	460	1,036	44	68	7,547
At 31 March	170	5,196	379	836	30	-	7,049
Fixed assets included above acquired under hire purchase or finance leases are as follows -				Cost		303	303
				Aggregate depreciation		(141)	(77)
				Net book value		162	226

GREAT PLACES HOUSING GROUP LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)



**GREAT PLACES HOUSING GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

**13 TANGIBLE FIXED ASSETS – OTHER**

**Company**

	<b>2007</b>						<b>2006</b>
	<b>Lease- hold offices</b>	<b>Free- hold offices</b>	<b>Furniture and equipment</b>	<b>Computers</b>	<b>Motor Vehicles</b>	<b>Scheme Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>							
At 1 April	-	-	-	-	-	-	-
Additions in year	-	-	-	194	-	-	194
Write down of assets	-	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-	-
At 31 March	-	-	-	194	-	-	194
<b>Depreciation</b>							
At 1 April	-	-	-	-	-	-	-
Charge for year	-	-	-	17	-	-	17
Write down of assets	-	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-	-
At 31 March	-	-	-	17	-	-	17
<b>Net book value</b>							
At 1 April	-	-	-	-	-	-	-
At 31 March	-	-	-	177	-	-	177
Fixed assets included above acquired under hire purchase or finance leases are as follows -				Cost			
				Aggregate depreciation			
				Net book value			

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

	2 0 0 7		2 0 0 6	
	Group £000	Company £000	Group £000	Company £000
<b>14 INVESTMENT IN JOINT VENTURE</b>				
Investment in Joint Venture	10	-	-	-

The above investment is in Reviva Urban Renewal Limited a company which the Great Places Housing Group has a one third interest in through its subsidiary Manchester Methodist Housing Association. The other parties to the joint venture are Mossclare Housing Limited and Irwell Valley Housing Association. Reviva Urban Renewal Limited made a profit of £1,594 for the period, the Group's share of which is £531.

	2 0 0 7		2 0 0 6	
	Group £000	Company £000	Group £000	Company £000
<b>15 STOCK AND WORK IN PROGRESS</b>				
Work in progress	1,887	-	1,366	-

<b>16 DEBTORS</b>				
(a) Due after more than one year				
Staff car loans	16	-	15	-
(b) Due within one year				
Arrears of rent and service charge	3,817	-	3,808	-
Less: Provision for bad and doubtful debts	(1,841)	-	(1,902)	-
	1,976	-	1,906	-
Capital grants receivable	2,917	-	5,346	-
Staff car loans	11	-	14	-
Management fees receivable	-	79	-	-
Due by group company	412	105	653	-
Prepayments and accrued income	737	-	1,123	-
Trade debtors	348	5	653	-
Other debtors				
	6,401	189	9,695	-

<b>17 INVESTMENTS</b>				
Group and holding company	4,000	-	5,268	-

The Group has completed Sterling Loan Agreements with T.H.F.C. (Social Housing Finance) Limited ("THFC"). To the extent that the facilities available under the Agreements have not been secured by fixed charges over property, the association is required to place cash in designated interest bearing bank accounts charged to THFC. The amount standing at the credit of these accounts at 31 March 2007 and included above was £4,000,000 (2006: £5,038,000).

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

	2007		2006	
	Group £000	Company £000	Group £000	Company £000
<b>18 CREDITORS: Amounts falling due within one year</b>				
Corporation tax	47	-	156	-
Housing loans	1,910	-	2,006	-
Non-housing loans	99	-	52	-
Property Leases (see note 20)	227	-	147	-
Bank overdraft	-	-	157	-
Prepayment of rent and service charge	1,991	-	2,006	-
Capital expenditure on housing properties	1,711	-	2,191	-
Taxation and social security	271	54	253	-
Trade creditors	2,293	8	2,280	-
Capital grants repayable	-	-	55	-
Capital grants received in advance	184	-	2,649	-
Revenue grants received in advance	236	-	207	-
Accruals	4,969	20	2,928	-
Due by group association	-	257	-	-
Recycled Capital Grant Fund (see note 21)	945	-	394	-
Disposals Proceeds Fund (see note 21)	279	-	157	-
Sinking fund balances due to leaseholders	481	-	369	-
Amounts due to partner housing associations	144	-	689	-
Other creditors	2,783	21	1,458	-
	<u>18,570</u>	<u>360</u>	<u>18,154</u>	<u>-</u>
Cash balances totalling £476 k (2006: £413k) are held in trust for leaseholders.				
<b>19 CREDITORS: Amounts falling due after more than one year</b>				
Accrual and deferred income	6	-	6	-
Recycled Capital Grant Fund (see note 21)	1,557	-	1,783	-
Disposals Proceeds Fund (see note 21)	293	-	477	-
Property Leases (see note 20)	2,561	-	2,477	-
Housing loans	141,766	-	134,724	-
Non-housing loans	3,050	-	2,756	-
	<u>149,233</u>	<u>-</u>	<u>142,223</u>	<u>-</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

	2 0 0 7		2 0 0 6	
	Group £000	Company £000	Group £000	Company £000
<b>20 LOANS ANALYSIS</b>				
(a) Loans are repayable as follows:				
Due within one year	1,979	-	2,013	-
Between one and two years	1,943	-	1,857	-
Between two and five years	8,274	-	7,194	-
After five years	135,326	-	129,055	-
	<b>147,522</b>	-	<b>140,119</b>	-
Less: Loan arrangement fees	(2,018)	-	(2,001)	-
Add: Deferred debenture premium	1,321	-	1,420	-
	<b>146,825</b>	-	<b>139,538</b>	-
(b) Property Leases				
Due within one year	227	-	147	-
Between one and two years	227	-	384	-
Between two and five years	680	-	205	-
After five years	1,654	-	1,888	-
	<b>2,788</b>	-	<b>2,624</b>	-

## (c) Debenture stocks:

THFC (Indexed 2) Ltd. – 5.5% Index-Linked Stock, 2024	500	-	500	-
Nominal amount	500	-	500	-
Consideration received	500	-	500	-
THFC Ltd – 11.5% Debenture Stock, 2016	1,500	-	1,500	-
Nominal amount	1,509	-	1,509	-
Consideration received	1,509	-	1,509	-
8.625% Debenture Stock, 2023	750	-	750	-
Nominal amount	747	-	747	-
Consideration received	747	-	747	-
THFC (Social Housing Finance) Ltd. 8.75% Debenture Stock, 2016/21	6,500	-	6,500	-
Nominal amount	8,359	-	8,359	-
Consideration received	8,359	-	8,359	-

Fresh PLC, building society, bank and debenture loans are secured by fixed charges over individual properties. To the extent that any debenture loan is not secured by a fixed charge over property, it is secured by a charge over cash (see Note 17).

The Debenture loans noted below are repayable by single payments as follows:

Lender	Stock	Repayment date
THFC Ltd	11.5% Debenture, 2016	27 October 2016
THFC Ltd	8.625% Debenture, 2023	13 October 2023
THFC (Social Housing Finance) Ltd	8.75% Debenture, 2016/21	8 December 2021

All other loans are repayable by regular instalments over the loan periods. It is possible that an element of building society loan in excess of that stated above may become repayable in less than one year on sale by staircasing or other means of shared ownership properties. Interest is chargeable on all loans at rates varying from 5.46% per annum to approximately 11% per annum.

During the financial year to 31 March 2006 the Group entered into a Swap with Barclays Bank plc for a period of 5 years to 30 September 2010, the value of the Swap is £20 million at a rate of 4.6875%.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 21 RCGF AND DPF CREDITORS

Group £'000	Company £'000
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## a) Recycled Capital Grant Fund

As at 1 <sup>st</sup> April 2006	2,177	-
Inputs to reserve:		
Grants recycled in	807	-
Interest accrued	118	-
Transfers from other Group members	-	-
Outputs from reserve:		
New build recycled out	(193)	-
Major repairs and works to existing stock	(411)	-
Other	4	-
As at 31 <sup>st</sup> March 2007	2,502	-

## b) Disposal Proceeds Fund

As at 1 <sup>st</sup> April 2006	634	-
Inputs to reserve:		
Grants recycled in	218	-
Interest accrued	31	-
Transfers from other Group members	-	-
Outputs from reserve:		
New build recycled out	(311)	-
Major repairs and works to existing stock	-	-
As at 31 <sup>st</sup> March 2007	572	-

## 22 SHARE CAPITAL

## Holding company

Shares of £1 each fully paid:		
At 1 April	116	-
Issued during year	17	-
Cancelled during year	(13)	-
At 31 March	120	-

The shares provide members with the right to vote at a general meeting but do not provide any rights to dividends or distributions on winding up.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 23 RESERVES

	Other major repairs £000	Revenue £000	Total £000
(a) Group:			
At 1 April 2006	7,837	30,464	38,301
Surplus for year	-	3,404	3,404
Transfer from revenue reserve	300	(300)	-
Transfer to revenue reserve	(91)	91	-
At 31 March 2007	<u>8,046</u>	<u>33,659</u>	<u>41,705</u>
(b) Company:			
At 1 April 2006	-	-	-
Surplus for year	-	6	6
Transfer from revenue reserve	-	-	-
Transfer to revenue reserve	-	-	-
At 31 March 2007	<u>-</u>	<u>6</u>	<u>6</u>

## 24 FINANCIAL COMMITMENTS

## Group and holding company

	2007		2006	
	Group £000	Company £000	Group £000	Company £000
(a) Capital commitments:				
Expenditure contracted for but not provided in the financial statements	81,817	-	41,312	-
Expenditure authorised by the Board contracted	18,601	-	22,550	-
	<u>100,418</u>	<u>-</u>	<u>63,862</u>	<u>-</u>

It is anticipated that these commitments will be funded by sale proceeds, SHG and loan funding

## (b) Operating leases:

The payments which the association is committed to make in the next year under operating leases are:

Office equipment leases expiring:

Within one year  
One to five years  
Beyond five years

Partner leases due within one year

26	-	2	-
39	-	92	-
-	-	-	-
212	-	600	-
<u>277</u>	<u>-</u>	<u>694</u>	<u>-</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)**25 CONTINGENT LIABILITIES**

At 31 March 2007 and 2006, there were no known contingent liabilities.

**26 POST BALANCE SHEET EVENT****Group and holding company**

On 30<sup>th</sup> April 2007, two estates totalling almost 1,500 units transferred to Manchester Methodist Housing Association from Sheffield City Council.

In April 2007 Manchester Methodist Housing Association learned that it had been successful in winning a contract to manage almost 800 units for Windmill Housing Association in Blackpool. The contract is for a period of five years and commences in July 2007.

In June 2007 a new subsidiary was established to undertake outright sales activity on behalf of the Group.

**27 SOCIAL HOUSING GRANT**

	<b>2 0 0 7</b>		<b>2 0 0 6</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
The accumulated SHG received or receivable at the balance sheet date in respect of both capital and revenue sources is	<b>245,453</b>	<b>-</b>	<b>223,554</b>	<b>-</b>

**28 RELATED PARTIES**

No loans were made to any directors during the year. There were no related party transactions throughout the year.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)29 HOUSING STOCK AS AT 31<sup>st</sup> MARCH

	2007 No. of Units	2006 No. of Units
<b>Under development at end of the year:</b>		
Housing accommodation	448	486
Supported housing	89	41
Shared ownership accommodation	368	182
	<u>905</u>	<u>709</u>
<b>Under management at the year end:</b>		
Housing accommodation	7,506	7,379
Supported housing	1,277	1,249
Keyworker/student accommodation	713	713
Shared ownership/leasehold accommodation	888	822
Properties owned, managed by others	478	481
	<u>10,862</u>	<u>10,644</u>

## 30 ACCOMMODATION MANAGED BY OTHERS

Group	2007 No.	2006 No.
At 31 March, the number of units owned by the Group but managed by others on its behalf was	<u>84</u>	<u>77</u>

## 31 GROUP STRUCTURE

Great Places Housing Group Limited (the "company") is the holding company of a group with the following subsidiaries:

Blackpool Loft Company Limited  
 Central Methodist Housing Association Limited  
 Five Piers Housing Association Limited  
 Knutsford Housing Association Limited  
 North West Methodist Homes  
 Plumlife Limited  
 Salford First Limited  
 Seaside Loft Company Limited  
 Manchester Methodist Housing Association Limited  
 Space New Living Limited  
 Cube Lifestyle Limited (a direct subsidiary of Space New Living Limited)  
 City Road Developments Limited (a direct subsidiary of Cube Lifestyle Limited)  
 Ashiana Housing Association Limited  
 Terra Nova Developments Limited (a direct subsidiary of Manchester Methodist Housing Association Limited)



**GREAT PLACES HOUSING GROUP LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

**31 GROUP STRUCTURE (continued)**

Manchester Methodist Housing Association Limited and Space New Living Limited are registered under the Industrial and Provident Societies Act 1965 and are registered charitable social landlords.

Central Methodist Housing Association Limited is registered under the Industrial and Provident Societies Act 1965 and is a registered non-charitable social landlord.

The undemoted subsidiaries are registered under the Companies Act 1985, are registered in England and are limited by shares:

Plumlife Limited	Percentage held or controlled - 100%
Salford First Limited	Percentage held or controlled - 100%
Terra Nova Developments Limited	Percentage held or controlled - 100%

The undemoted subsidiaries are registered under the Companies Act 1985, are registered in England and are limited by guarantee without share capital:

Ashiana Housing Association Limited  
 Blackpool Loft Company Limited  
 Five Piers Housing Association Limited  
 Knutsford Housing Association Limited  
 North West Methodist Homes  
 Seaside Loft Company Limited  
 Cube Lifestyle Limited  
 City Road Development Limited

Of the subsidiaries, only Manchester Methodist Housing Limited, Ashiana Housing Association Limited, Space New Living Limited, Cube Lifestyle Limited, Central Methodist Housing Association Limited and Terra Nova Developments Limited traded during the year. The remainder were dormant and non-trading throughout the entire year.

No loans or guarantees were entered into by any member of the group with another member of the group during the year.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 32 MERGER ACCOUNTING

At 1<sup>st</sup> April 2006, Manchester Methodist Housing Group and Ashiana Housing Association came together to form Great Places Housing Group. On the 1<sup>st</sup> January 2007 Space New Living Group joined the Great Places Housing Group. No consideration was involved in either merger.

## Analysis of Consolidated Income and Expenditure Account for the year ended 31 March 2006

	MMHA Group £'000	Ashiana £'000	Space New Living Group £'000	Total £'000
Turnover	28,044	4,143	11,588	43,775
Less: Operating Costs	(21,970)	(3,089)	(9,386)	(34,445)
Operating Surplus/(Deficit)	6,074	1,054	2,202	9,330
Profit on sale of fixed assets	1,261	26	491	1,778
Gift Aid	-	-	-	-
Interest receivable	428	76	52	556
Interest payable	(4,927)	(612)	(2,178)	(7,717)
Surplus on ordinary activities before taxation	2,836	544	567	3,947
Tax on surplus on ordinary activities	(84)	-	-	(84)
Surplus for the year	2,752	544	567	3,863

## Analysis of Consolidated Income and Expenditure Account for the year ended 31 March 2007

	Great Places Group 01/04/06 to 31/12/06 £'000	Ashiana 01/04/06 To 31/12/06 £'000	Space New Living Group 01/04/06 To 31/12/06 £'000	Total £'000	Great Places Group 01/01/07 to 31/03/07 £'000	Total £'000
Turnover	20,872	3,105	6,709	30,686	12,201	42,887
Less: Operating Costs	(16,415)	(1,952)	(5,259)	(23,626)	(9,707)	(33,333)
Operating Surplus	4,457	1,153	1,450	7,060	2,494	9,554
Profit on sale of fixed assets	487	-	427	914	221	1,135
Gift Aid	-	-	-	-	-	-
Interest receivable	343	74	51	468	194	662
Interest payable	(3,814)	(606)	(1,615)	(6,035)	(2,012)	(8,047)
Surplus on ordinary activities before taxation	1,473	621	313	2,407	897	3,304
Tax on surplus on ordinary activities	69	-	-	69	31	100
Surplus for the year	1,542	621	313	2,476	928	3,404

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 32 MERGER ACCOUNTING (continued)

Analysis of Consolidated Balance Sheet for the year ended 31 March 2006

	MMHA Group £'000	Ashiana £'000	Space New Living Group £'000	Consol Adj £'000	Total £'000
<b>Fixed Assets</b>					
Housing properties at cost	278,845	35,329	124,111	(5,560)	432,725
Less: Social Housing Grant	(171,041)	(21,098)	(68,939)	2,200	(258,878)
Less: Depreciation	(6,528)	(1,851)	(2,501)	441	(10,439)
Other fixed assets	101,276	12,380	52,671	(2,919)	163,408
Investments	5,951	689	409	-	7,049
Homebuy	-	-	-	-	-
	20	-	-	-	20
	<u>107,247</u>	<u>13,069</u>	<u>53,080</u>	<u>(2,919)</u>	<u>170,477</u>
<b>Current Assets</b>					
Debtors < 1 year	15	-	-	-	15
Debtors > 1 year	8,049	345	1,300	1	9,695
Stocks and work in progress	1,366	-	-	-	1,366
Investments	5,268	-	-	-	5,268
Cash at bank and in hand	6,723	1,967	3,168	-1	11,857
	<u>21,421</u>	<u>2,312</u>	<u>4,468</u>	<u>-</u>	<u>28,201</u>
<b>Creditors: amounts falling due within one year</b>	<u>(12,079)</u>	<u>(1,808)</u>	<u>(4,402)</u>	<u>135</u>	<u>(18,154)</u>
<b>Net current assets</b>	<u>9,342</u>	<u>504</u>	<u>66</u>	<u>135</u>	<u>10,047</u>
<b>Total assets less current liabilities</b>	<u>116,589</u>	<u>13,573</u>	<u>53,146</u>	<u>(2,784)</u>	<u>180,524</u>
<b>Creditors: amounts falling due after more than one year</b>	<u>92,429</u>	<u>11,681</u>	<u>40,897</u>	<u>(2,784)</u>	<u>142,223</u>
<b>Capital and reserves</b>					
Designated reserve	3,545	1,267	3,025	-	7,837
Revenue reserve	20,615	625	9,224	-	30,464
	<u>24,160</u>	<u>1,892</u>	<u>12,249</u>	<u>-</u>	<u>38,301</u>
	<u>116,589</u>	<u>13,573</u>	<u>53,146</u>	<u>(2,784)</u>	<u>180,524</u>

The consolidation adjustments above are in respect of capitalised leases within Ashiana Housing Association Limited for properties managed by Ashiana Housing Association Limited on behalf of Manchester Methodist Housing Association.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 32 MERGER ACCOUNTING (continued)

At 1 January 2007 Space New Living Group joined the Great Places Housing Group. The Net Assets of each party at that date were:

## Analysis of Consolidated Balance Sheet at 1 January 2007

	Great Places Group £'000	Space New Living Group £'000	Total £'000
<b>Fixed Assets</b>			
Housing properties at cost	329,678	127,211	456,889
Less: Social Housing Grant	(196,026)	(70,971)	(266,997)
Less: Depreciation	(8,922)	(2,901)	(11,823)
	124,730	53,339	178,069
Other fixed assets	6,191	343	6,534
Investment in joint venture	10	-	10
Homebuy	(4)	-	(4)
	130,927	53,682	184,609
<b>Current Assets</b>			
Debtors < 1 year	16	-	16
Debtors > 1 year	3,337	287	3,624
Stocks and work in progress	1,999	-	1,999
Investments	4,000	-	4,000
Cash at bank and in hand	11,070	1,823	12,893
	20,422	2,110	22,532
<b>Creditors: amounts falling due within one year</b>	(16,906)	(953)	(17,859)
<b>Net current assets</b>	3,516	1,157	4,673
<b>Total assets less current liabilities</b>	134,443	54,839	189,282
<b>Creditors: amounts falling due after more than one year</b>	106,403	42,102	148,505
<b>Capital and reserves</b>			
Designated reserve	4,949	3,025	7,974
Revenue reserve	23,091	9,712	32,803
	28,040	12,737	40,777
	134,443	54,839	189,282

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (continued)

## 32 MERGER ACCOUNTING (continued)

## Analysis of Consolidated Balance Sheet for the year ended 31 March 2007

	Great Places Group £'000	Ashiana £'000	Space New Living Group £'000	Consol Adj £'000	Total £'000
<b>Fixed Assets</b>					
Housing properties at cost	309,132	36,130	129,257	(5,560)	468,959
Less: Social Housing Grant	(187,939)	(21,498)	(70,767)	2,201	(278,003)
Less: Depreciation	(7,790)	(2,306)	(3,038)	575	(12,559)
	113,403	12,326	55,452	(2,784)	178,397
Other fixed assets	5,670	638	303	-	6,611
Investment in joint venture	10	-	-	-	10
Homebuy	50	-	-	-	50
	119,133	12,964	55,755	(2,784)	185,068
<b>Current Assets</b>					
Debtors < 1 year	16	-	-	-	16
Debtors > 1 year	5,236	535	838	(208)	6,401
Stocks and work in progress	1,887	-	-	-	1,887
Investments	4,000	-	-	-	4,000
Cash at bank and in hand	9,059	1,992	1,085	-	12,136
	20,198	2,527	1,923	(208)	24,440
<b>Creditors: amounts falling due within one year</b>	(13,795)	(2,271)	(2,921)	417	(18,570)
<b>Net current assets/(liabilities)</b>	6,403	256	(998)	209	5,870
<b>Total assets less current liabilities</b>	125,536	13,220	54,757	(2,575)	190,938
<b>Creditors: amounts falling due after more than one year</b>	98,488	11,308	42,049	(2,612)	149,233
<b>Capital and reserves</b>					
Designated reserve	3,754	1,267	3,025	-	8,046
Revenue reserve	23,294	645	9,683	37	33,659
	27,048	1,912	12,708	37	41,705
	125,536	13,220	54,757	(2,575)	190,938

The consolidation adjustments above are in respect of capitalised leases within Ashiana Housing Association Limited for properties managed by Ashiana Housing Association Limited on behalf of Manchester Methodist Housing Association.