

**GREAT PLACES HOUSING GROUP LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2008**

**GREAT PLACES HOUSING GROUP LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

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**GREAT PLACES HOUSING GROUP LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**DIRECTORS & ADVISORS**

**Board of management:**

(See page 2)

E. Stott (Chairman)

L. Hansen (Deputy Chairman)

G. Christiansen

Ms. E. Dyson

Ms. A. Harris

G. Martin

A. Piracha

S.J. Porter

P. Roche

**External Auditors:**

Beever & Struthers

St. George's House

215-219 Chester Road

Manchester

M15 4JE

**Internal Auditors:**

Mazars LLP

Merchant Exchange

Whitworth Street West

Manchester

M1 5WG

**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

Ashiana Housing Associations

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 & Hamlins

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 2008**

The Board presents its report and audited Financial Statements for the year ended 31 March 2008.

**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)  
L. Hansen (Deputy Chairman)  
G. Christiansen  
Ms. E. Dyson  
Ms. A. Harris  
B. Harris (resigned 6/12/07)  
G. Martin  
A. Piracha  
S.J. Porter  
P. Roche

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; 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 2008 (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 2008 and 2007 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 2008 (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 Board acknowledges that it has overall responsibility for establishing, maintaining and monitoring the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all the activities of the Organisation.

The Board recognises that no systems of internal control will provide absolute assurance and/or eliminate risk. The systems of internal control are designed to manage risk and provide reasonable assurance that business objectives will be achieved; that key performance indicators will be met; and expected process outcomes met. Our control systems also give reasonable assurance relating to the preparation and reliability of financial/operational information, and the safeguarding of the organisation's assets and interests.

In meeting these responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the governance and management culture of the Organisation. The Organisation has an ongoing and regularly reviewed process for identifying, evaluating and managing the risks its faces and also has a policy for "Dealing with Fraud and Misappropriation" that deals with identifying, evaluating and managing those risks.

This approach includes an annual review of the nature and extent of the risks facing the Organisation and is consistent with the principles of Turnbull, as set out in Housing Corporation Circular 07/07: Internal Controls Assurance.

**GREAT PLACES HOUSING GROUP LIMITED**

**REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

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

**IDENTIFICATION AND EVALUATION OF KEY RISKS**

Responsibilities have been clearly defined for the identification, evaluation and control of significant risks. The Board, the Group Audit Committee and the Management all have clearly identified roles.

**Group Audit Committee**

The Group Audit Committee is responsible for making recommendations to the Board on the effectiveness of internal controls and management systems. It fulfils this role by reviewing the Internal and External Audit services and reviewing progress with risk management and management's progress in addressing control weaknesses. It considers the report on internal control, recommending it for approval by the Board. The Group Audit Committee Chair reports to the Board on the Committee's work.

**Internal Audit**

Internal Audit provides the Board with an annual Summary Report on internal control, based upon its audits of both financial and non-financial systems in the year. Audits in 2007/8 have reviewed key internal control areas such as rent accounting, payroll, property services, asset management, ICT, Supported Housing, Development appraisal, risk management and customer care, in addition to a rigorous follow up process.

New internal auditors, Mazars, were appointed in April 2007 following a comprehensive EU compliant selection process. A carefully planned handover process included undertaking a detailed Audit Needs Analysis exercise, drawing on the perceptions of the control environment of a cross-section of the Group's managers, including the Executive Team.

This was followed by the development of a new three-year Internal Audit Plan which was approved by the Group Audit Committee in July 2007, the first year of which has been successfully implemented including all of the areas mentioned above. The plan is reviewed annually to ensure it remains up to date, relevant and reflective of the risk environment.

Each audit results in an action plan aimed at addressing control weaknesses and/or opportunities for adopting best practice. At each visit, the auditors also complete a review of the progress made in implementing the recommendations agreed in previous audits.

**Risk management**

The risk management process continually reviews the risks to the achievement of the Organisation's goals and objectives. Through regular updates to Management meetings and the Group Audit Committee, it provides an assessment of the effectiveness of existing controls and the requirement and plans for strengthened controls.

The Organisation operates an inclusive process for risk identification, drawing upon the knowledge and ideas of staff from across the organisation. Responsibility for the evaluation and control of risk is clearly defined.

The Organisation recognises that embarking on new initiatives can present heightened or unpredictable levels of risk. Robust project management, together with regular reporting through the "Major new initiatives" report help ensure that the Organisation's risk management balances learning from previous projects with a well planned forward looking approach.

## **GREAT PLACES HOUSING GROUP LIMITED**

### **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

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

#### **ENVIRONMENTAL AND CONTROL PROCEDURES**

The Board retains responsibility for defining and ensuring compliance with organisational objectives and values, establishing strategies and policies to achieve the objectives. The Board also retains responsibility for approving the budget and financial accounts and meeting all regulatory requirements. A range of policies and procedures cover operational control issues such as delegated authority, treasury management, health and safety, procurement and fraud prevention and detection.

#### **Governance**

The Organisation's governance framework has been independently reviewed and revised in 2007, ensuring compliance with best practice. The framework sets out the focus of authority through terms of reference for Committees and a clear scheme of delegation. The senior management of the Organisation has considered, the assurance framework in relation to the internal control activities for which they are responsible and a report has been considered and reviewed by the Group Audit Committee on behalf of the Board.

#### **Strategies, Policies and Procedures**

The Organisation ensures that its policies and procedures are kept up to date, relevant and reflect best practice. In the Autumn the Board approved a fundamentally updated set of Financial Regulations and this is being supported by a revised Schedule of Delegated authority which is currently being rolled out. During the year other policies and strategies that have been reviewed include the Procurement Policy, the Regeneration Policy, the Equality and Diversity Strategy, the Hedging Strategy and the Growth Strategy.

#### **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. These are reviewed in detail by management and are considered and approved by the Board. The Board also regularly reviews a range of key performance indicators produced within a balanced scorecard to assess progress towards the achievement of key business objectives, targets and outcomes.

#### **Financial planning, accounting and reporting**

The Board receives regular financial management reports, incorporating progress against the annual budgets, explanation of variances and corrective action taken. Revised forecasts are presented to the Board for approval. The accounts are prepared by competent and experienced finance staff utilising clear accounting policies. Budget holders receive monthly budget reports and participate in meetings with finance staff to review financial performance and project future outturn.

#### **Performance monitoring and reporting**

The Board receives regular performance monitoring information in a summary balanced scorecard format, identifying actual and projected performance against key targets. More detailed supporting information is provided where performance on high-level indicators is not in line with targets. Management consider the full scorecard monthly, identifying performance trends and initiating corrective action where necessary. In addition, managers and staff review performance for arrears, voids, lettings and repairs regularly, often on a weekly basis.

**GREAT PLACES HOUSING GROUP LIMITED**

**REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

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

**MONITORING AND CORRECTIVE ACTION**

A process of regular management reporting on control issues provides assurance to 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.

**Management Review**

A programme of regular meetings ensure that the Organisation is focused on its business objectives, working to agreed targets and budgets, and responsive to customer, staff and stakeholder requirements. To fulfil this function, management receive reports from all business areas.

**Benchmarking and external reviews**

The Organisation participates in a range of benchmarking activity, welcomes reviews from third parties such as external audit, the Housing Corporation, the Audit Commission's Housing Inspectorate and Chartermark assessors, and measures its success through participation in appropriate award competitions.

These activities help identify instances of good and poor performance and practice, as well as control weaknesses. Careful considered action plans feature clear responsibility and timescales for implementation, and progress is monitored by Management and the Group Audit Committee.

**Dealing with Fraud and Misrepresentation**

The Group Audit Committee regularly reviews the Fraud register. The register includes details of actual and attempted fraud and details of the actions subsequently to ensure learning takes place. Following an attempted cheque fraud, the Organisation met with its bankers to ensure the control environment was appropriate, whilst following instances of cash fraud, procedures were tightened up and efforts renewed to minimise the receipt of cash.

**CONCLUSION**

The Board has been assured by the Audit Committee that it has received a report regarding internal controls and that the Committee has conducted its own review of the effectiveness of the systems currently in place.

The Board believes that the overall control structures are satisfactory and no control weaknesses have resulted that have led to any material financial loss to the organisation.

The Board confirms that it is satisfied there are on-going processes in place to identify, evaluate, control and manage any significant risks faced by the organisation. These processes have been in place throughout the year under review, up to the date of the annual report and accounts, and they are 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 24<sup>th</sup> July 2008 and signed on its behalf by:**



**Phil Elvy,  
Secretary**

**GREAT PLACES HOUSING GROUP LIMITED**  
**OPERATING AND FINANCIAL REVIEW**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**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"), Ashiana Housing Association ("Ashiana") and Plumlife Homes Limited ("Plumlife" - formerly known as Central Methodist Housing Association and until then a subsidiary of MHMA) joined together. On 1<sup>st</sup> January 2007 Space New Living Limited ("Space") joined the Group as a subsidiary of Great Places. On 28<sup>th</sup> April 2007, around 1600 properties transferred from Sheffield City Council to MMHA. These operate under the "Parkway" trading name.

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);
- Plumlife Homes Limited (A non charitable Industrial and Provident society);
- Cube Lifestyle Limited (A company limited by guarantee) which is a subsidiary of Space;

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

- Terra Nova Developments Limited (company limited by shares) is a subsidiary of MMHA;
- Cube Lifestyle Limited ("Cube") (company limited by guarantee) is a subsidiary of Space;
- Cube Great Places Limited ("Cube GP") (a company limited by shares) is a subsidiary of MMHA, Space and Ashiana.

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

<b>Analysed by accommodation type</b>	<b>2008</b>		<b>2007</b>		<b>2006</b>	
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
General Needs	8,702	7,455	7,379			
Supported housing	1,360	1,277	1,249			
Shared Ownership/leasehold	791	888	822			
Keyworker/student accommodation	485	713	713			
Properties owned but managed by other Agencies	127	135	77			
Properties managed, owned by others	2,520	478	481			
<b>TOTAL</b>	<b>13,985</b>	<b>10,946</b>	<b>10,721</b>			

<b>Analysed by Group Member management</b>	<b>2008</b>		<b>2007</b>		<b>2006</b>	
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
MMHA	8,722	5,785	5,671			
Space	3,483	2,832	2,783			
Cube	17	245	245			
Ashiana	1,430	1,475	1,488			
Plumlife	1,643	798	724			
Deduct units owned by one Group member, managed by another	(1,310)	(189)	(190)			
<b>Total</b>	<b>13,985</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 2008**

**Nature of the Business (continued)**

The Group has a further 580 units under development (2007 821 units).

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

The Group is delighted that over 97% of its stock (excluding Sheffield Parkway) meets the decent homes standard and has 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. In 2008 MMHA was assessed as 2\* with promising prospects under the Audit Commission's short notice inspection regime.

The Group is governed by a Board of Management currently comprising 9 non-executive members, who currently 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 2008**

**Summary of 2007/08 performance**

2007/8 was the first full financial year for the Group and the results for the year are presented below:

<b>£000s</b>	<b>2008</b>	<b>Turnover</b>		<b>2006</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
		<b>2007</b>	<b>2006</b>				
Great Places	4,333	2,115	-	46	5	-	
MMHA	31,942	29,467	27,924	8,568	6,857	6,312	
Terra Nova	27,007	13,526	11,649	95	49	19	
Plumlife	869	697	1,038	152	193	165	
Ashiana	4,174	3,861	4,143	586	662	920	
Space	11,424	8,874	8,415	2,545	2,157	2,136	
Cube	270	396	496	100	(64)	66	
City Road Developments	-	-	2,677	-	1	-	
Reviva – share of JV	1,869	106	-	-	-	-	
Consolidation adjustment	(31,915)	(16,049)	(12,567)	(605)	(306)	(288)	
<b>Group Total</b>	<b>49,973</b>	<b>42,993</b>	<b>43,775</b>	<b>11,487</b>	<b>9,554</b>	<b>9,330</b>	

The detailed results for the year are set out in the financial statements on pages 15 to 52.

**Accounting policies**

The principle accounting policies are set out in note 1 to the financial statements on pages 22 to 25.

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 revised Statement of Recommended Practice applies to all accounting periods starting after 1<sup>st</sup> April 2008. The SORP has not been applied in these accounts and therefore 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 established 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.

**GREAT PLACES HOUSING GROUP LIMITED**  
**OPERATING AND FINANCIAL REVIEW (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**Summary of 2007/08 performance (continued)**

The table below presents some of the KPIs for 2007/8.

<b>Year to end 31/3/2008</b>	<b>Space</b>	<b>MMHA</b>	<b>Ashiana</b>	<b>Group</b>
<i>(General Needs only)</i>				
Routine repairs completed on time	97.6%	96.9%	97.5%	97.2%
Tenancy turnover	10.8%	10.6%	8.7%	10.5%
Current rent arrears	4.5%	5.5%	6.7%	5.3%
Average relet time	52 days	30 days	30 days	37 days
Total void loss	1.8%	1.3%	0.9%	1.4%
General needs stock vacant	2.1%	2.0%	0.9%	1.9%
Operating cost as a % of turnover	71.7%	68.0%	74.2%	69.6%
Staff turnover	8.5%	7.3%	17.2%	8.7%
Sickness absence	6.7 days	7.7 days	6.5 days	5.0 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 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, incorporating 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**

The Great Places 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

## GREAT PLACES HOUSING GROUP LIMITED

### OPERATING AND FINANCIAL REVIEW (continued) FOR THE YEAR ENDED 31 MARCH 2008

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

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

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's ambition is to be the best Housing Association in the North, and that means that we will:

- Be a top-quartile performing organisation
- Continue to innovate
- Be larger – having 20,000 properties owned or in management
- Be an Employer of Choice
- Adapt to new situations while maintaining our core values
- Have a great reputation
- Have a simple and clear structure

Whilst the new financial year has only just started, we have already achieved some notable successes that demonstrate steady progress toward delivering our ambition:

- On 31<sup>st</sup> May 2008, Windmill Housing Association joined the Group, transferring around 800 properties into MMHA;
- On 1<sup>st</sup> June 2008, following a successful bid the management of around 260 units of the Legendary Property Company transferred to Plumlife Homes.
- In June 2008 MMHA was awarded the prestigious Housing Corporation Gold award for joined up development, recognising our groundbreaking work in the Northmoor area;

**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 15 to 52 for the year ended 31 March 2008 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 22 to 25.

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 Statement. 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.

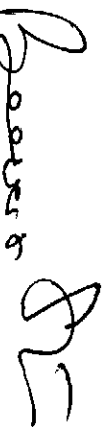
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity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

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

**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 the Association's affairs as at 31 March 2008 and of its surplus for the year then ended.
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, 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 given in the Report of the Board and the Operating and Financial Review is not inconsistent with the financial statements.



**BEEVER and STRUTHERS,**  
Registered Auditors.  
St. George's House  
215-219 Chester Road  
Manchester  
M15 4JE

Dated: 24<sup>th</sup> July 2008

**GREAT PLACES HOUSING GROUP LIMITED**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

	2008 £000	2007 £000
	Note	
<b>TURNOVER: Group and share of joint venture</b>	<b>49,973</b>	<b>42,993</b>
Less: share of joint venture's turnover	<u>(1,869)</u>	<u>(106)</u>
<b>GROUP TURNOVER</b>	<b>48,104</b>	<b>42,887</b>
<b>OPERATING COSTS</b>	<b>(36,617)</b>	<b>(33,333)</b>
<b>OPERATING SURPLUS</b>	<b>11,487</b>	<b>9,554</b>
Surplus on sale of housing properties	<u>1,899</u>	<u>1,135</u>
<b>GROUP OPERATING SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	<b>13,386</b>	<b>10,689</b>
Share of operating profit in joint venture	15	77
Interest receivable	5	807
Interest payable and similar charges	6	<u>(10,086)</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>4,184</b>	<b>3,304</b>
Gift aid (payment)/receipt	8	-
Tax (charge)/credit on surplus on ordinary activities	7	100
<b>SURPLUS FOR YEAR AFTER TAXATION</b>	<b>4,179</b>	<b>3,404</b>

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**  
**FOR THE YEAR ENDED 31 MARCH 2008**

	2008 £000	2007 £000
	Note	
Surplus for year after taxation	24	4,179
(Deficit) arising on pension scheme	24	<u>(101)</u>
<b>Total recognised surpluses for the year</b>		<u><u>3,404</u></u>

All amounts relate to continuing activities.  
The above surpluses are the historical cost surpluses.

The Notes to the Financial Statements contained in pages 22 to 52 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 2008**

	Note	2008 £000	2007 £000
<b>TURNOVER</b>	2	4,333	2,115
<b>OPERATING COSTS</b>	2	(4,287)	(2,110)
<b>OPERATING SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	4	46	5
Interest receivable and other income	5	1,720	1
Interest payable and similar charges	6	(1,718)	-
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		48	6
Tax on surplus on ordinary activities	7	(1)	-
<b>SURPLUS FOR YEAR AFTER TAXATION</b>		<u>47</u>	<u>6</u>

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.

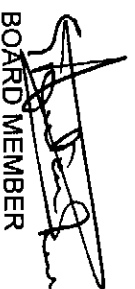
The Notes to the Financial Statements contained in pages 22 to 52 form an integral part of the Financial Statements

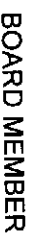
**GREAT PLACES HOUSING GROUP LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008**

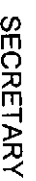
	2008	2007
Note	£000	£000
<b>INTANGIBLE FIXED ASSETS</b>		
Goodwill	12	16
<b>TANGIBLE FIXED ASSETS</b>		
Housing properties at cost	13	516,757
Social housing grant	13	(292,830)
Depreciation	13	(13,711)
	13	210,216
Other fixed assets	14	6,712
Total tangible fixed assets	14	216,928
<b>TOTAL FIXED ASSETS</b>	14	216,944
<b>INVESTMENTS</b>		
Homebuy Initiative	15	9,081
Less: Social Housing Grant	15	(9,143)
	15	(62)
Investment in joint venture:		
Share of gross assets	15	907
Share of gross liabilities	15	(897)
	15	10
<b>TOTAL INVESTMENTS</b>	15	(52)
<b>CURRENT ASSETS</b>		
Debtors	17	6,881
Stock	16	7,190
Investments	18	4,000
Cash at bank and in hand	18	9,536
	18	27,607
<b>CREDITORS: Amounts falling due within one year</b>	19	(23,699)
<b>NET CURRENT ASSETS</b>	19	3,908
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	19	220,800
<b>CREDITORS: Amounts falling due after more than one year</b>	20	174,896
<b>PENSION LIABILITY</b>	11	121
	11	175,017
<b>CAPITAL AND RESERVES</b>		
Share capital	23	-
Designated reserve	24	45,783
Revenue reserve	24	45,783
	24	220,800
	24	190,938

The Notes to the Financial Statements contained in pages 22 to 52 form an integral part of the Financial Statements.

The Financial Statements were approved by the Board on 24<sup>th</sup> July 2008 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 2008**

	Note	2008 £000	2007 £000
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties at cost	13	-	-
Social housing grant	13	-	-
Depreciation	13	-	-
Other fixed assets	14	748	177
		<u>748</u>	<u>177</u>
<b>CURRENT ASSETS</b>			
Debtors	17	118,135	189
Stock	16	-	-
Investments	18	-	-
Cash at bank and in hand	18	-	-
		<u>118,135</u>	<u>189</u>
<b>CREDITORS: Amounts falling due within one year</b>	19	<u>(1,651)</u>	<u>(360)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>116,484</u>	<u>(171)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>117,232</u></u>	<u><u>6</u></u>
<b>CREDITORS: Amounts falling due after more than one year</b>			
	20	<u>117,179</u>	-
<b>CAPITAL AND RESERVES</b>			
Share capital	23	-	-
Designated reserve	24	53	6
Revenue reserve	24	53	6
		<u>117,232</u>	<u>6</u>

The Notes to the Financial Statements contained in pages 22 to 52 form an integral part of the Financial Statements.

The Financial Statements were approved by the Board on 24<sup>th</sup> July 2008 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 2008**

	2008 £000	2007 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	7,220	14,697
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(10,884)	(7,845)
TAXATION PAID	(18)	(9)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(24,767)	(14,761)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(28,449)	(7,918)
MANAGEMENT OF LIQUID RESOURCES	-	1,268
FINANCING	25,757	7,086
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,692)	436
	2008 £000	2007 £000
<b>1 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Operating surplus	13,386	10,689
Surplus on sale of housing properties	(1,899)	(1,135)
Depreciation	2,692	3,128
Amortisation charge	24	21
Income from joint venture	77	-
	14,280	12,703
Working capital movements:		
Debtors	115,345	1,706
Creditors	(115,640)	1,162
Other movement	(6,765)	(874)
	7,220	14,697

**GREAT PLACES HOUSING GROUP LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

	2008 £000	2007 £000
<b>2 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	807	734
Interest paid	(11,691)	(8,579)
Net cash outflow from returns on investments and servicing of finance	<u>(10,884)</u>	<u>(7,845)</u>
<b>3 TAXATION PAID</b>		
Tax Paid	(18)	(9)
	<u>(18)</u>	<u>(9)</u>
<b>4 NET CAPITAL EXPENDITURE</b>		
Purchase and construction of housing properties	(50,705)	(39,248)
Social housing grant received	18,018	20,004
Sales of housing properties (net)	8,676	4,899
Purchase of other fixed assets	(771)	(416)
Sales of other fixed assets	15	-
Net cash outflow on capital expenditure	<u>(24,767)</u>	<u>(14,761)</u>
<b>5 MANAGEMENT OF LIQUID RESOURCES</b>		
Placed on time deposit	-	(95)
Received from time deposit	-	1,363
Net cash outflow from management of liquid resources	<u>-</u>	<u>1,268</u>
<b>6 FINANCING</b>		
Housing loans received	119,753	11,201
Housing loans repaid	(91,687)	(3,785)
Non-housing loans repaid	(40)	(114)
Property leases repaid	(72)	(109)
Debenture premium repaid	(1,230)	-
Loan issue costs incurred	(967)	(107)
Net cash inflow from financing	<u>25,757</u>	<u>7,086</u>

**GREAT PLACES HOUSING GROUP LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

	2008 £000	2007 £000
<b>7 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>		
Decrease/(increase) in cash in the period	2,692	(436)
Cash used to repay loans	(91,799)	(4,008)
Cash received from loans	119,753	11,201
Issue costs incurred	(967)	(107)
Amortisation of issue costs	591	88
Debenture premium repaid	(1,230)	-
Cash used to decrease liquid resources	22	1,268
Indexation	-	23
Other non-cash movement	(1,663)	276
Movement in loan creditor	(91)	(22)
Change in net debt	<u>27,308</u>	<u>8,283</u>
Net debt at 1 April 2007	133,477	125,194
Net debt at 31 March 2008	<u><u>160,785</u></u>	<u><u>133,477</u></u>

	At 1 April 2007	Cash Flows	Other Changes	At 31 March 2008
<b>8 ANALYSIS OF CHANGES IN NET DEBT</b>				
Cash and bank	£000	£000	£000	£000
Overdrafts	12,136	(2,600)	-	9,536
Debt due within one year	(2,009)	(92)	-	(2,101)
Debt due after one year	(144,816)	1,590	(1,028)	(144,254)
Partner leases due within one year	(144,816)	(27,419)	424	(171,811)
Partner leases due after one year	(227)	120	(22)	(129)
Current asset investments	(2,561)	(48)	1,767	(842)
	4,000	-	-	4,000
	<u>(133,477)</u>	<u>(28,449)</u>	<u>1,141</u>	<u>(160,785)</u>

**GREAT PLACES HOUSING GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**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) 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 13 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.

**(d) Capitalisation of interest and administration costs**

Interest on the loan financing a development is capitalised up to the date of practical completion, based on the average cost of borrowing.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property to its intended use.

**GREAT PLACES HOUSING GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

**1 ACCOUNTING POLICIES (continued)**

**(e) Social housing grant**

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	25% 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. Properties held for sale are shown at cost less attributable grant.

**(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.

**GREAT PLACES HOUSING GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

**1 ACCOUNTING POLICIES (continued)**

**(j) 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. An approved VAT shelter is in place for stock transferred from local authorities, VAT on works carried out under the VAT shelter are fully recoverable.

**(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.

The Group also employs staff who are members of the Local Government Pension Scheme administered by the South Yorkshire Pension Authority following the TUPE of staff from Sheffield City Council as part of a local authority stock transfer.

More detailed disclosure with regard to pensions is stated at Note 11 to the Financial Statements.

**GREAT PLACES HOUSING GROUP LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

**1 ACCOUNTING POLICIES (continued)**

- (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.
- 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.
- (v) Goodwill**
- Goodwill is amortised on a straight line basis over its useful economic life. An amortisation rate of 20% is being applied in respect of goodwill

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 2 TURNOVER, COST OF SALES, OPERATING COSTS &amp; OPERATING SURPLUS

(a) Group	Turnover	Operating Costs	Operating Surplus
Year ended 31 March 2008 –	£000	£000	£000
Income and expenditure from social housing lettings:			
Housing accommodation	30,032	(20,995)	9,037
Special needs accommodation	6,850	(6,180)	670
Key worker accommodation	1,508	(1,439)	69
Shared ownership accommodation	1,187	(173)	1,014
	<u>39,577</u>	<u>(28,787)</u>	<u>10,790</u>
Other social housing activities:			
Supporting People contract income	4,434	(4,717)	(283)
Managed properties	2,214	(1,404)	810
Other	1,492	(1,405)	87
Non social housing activities:			
Outright property sales	193	(177)	16
Market rented	194	(127)	67
	<u>48,104</u>	<u>(36,617)</u>	<u>11,487</u>
Year ended 31 March 2007 -			
Income and expenditure from social housing lettings:			
Housing accommodation	24,315	(16,901)	7,414
Special needs accommodation	6,397	(6,073)	324
Key worker accommodation	1,475	(1,371)	104
Shared ownership accommodation	1,034	(293)	741
	<u>33,221</u>	<u>(24,638)</u>	<u>8,583</u>
Other social housing activities:			
Supporting People contract income	4,720	(4,687)	33
Managed properties	2,105	(1,559)	546
Other	1,347	(1,236)	109
Non social housing activities:			
Outright property sales	1,299	(1,066)	233
Market rented	195	(145)	50
	<u>42,887</u>	<u>(33,333)</u>	<u>9,554</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 2 TURNOVER, COST OF SALES, OPERATING COSTS &amp; OPERATING SURPLUS (continued)

(b) Company	Turnover	Operating Costs	Operating Surplus
	£000	£000	£000
Year ended 31 March 2008 –			
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	4,333	(4,287)	46
Other	4,333	(4,287)	46
	<u>4,333</u>	<u>(4,287)</u>	<u>46</u>
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 operations	2,115	(2,110)	5
Other	2,115	(2,110)	5
	<u>2,115</u>	<u>(2,110)</u>	<u>5</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

3 PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

(a) Group	2008					2007				
	General needs housing	Supported housing & housing for older people	Key worker accomm	Shared o/ship accomm	Total	General needs housing	Supported housing & 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	27,698	3,528	1,411	1,187	33,824	22,645	3,274	1,389	1,034	28,342
Service charges receivable	1,285	2,609	13	-	3,907	1,028	2,391	12	-	3,431
Charges for support services	-	516	-	-	516	-	546	-	-	546
Net rental income	28,983	6,653	1,424	1,187	38,247	23,673	6,211	1,401	1,034	32,319
Major repairs grants from Housing Corporation	921	-	-	-	921	534	-	-	-	534
Other revenue grants receivable	128	197	84	-	409	108	186	74	-	368
Total income from letting activities (see note 2)	30,032	6,850	1,508	1,187	39,577	24,315	6,397	1,475	1,034	33,221
Expenditure on letting activities:										
Services	(1,723)	(1,824)	(676)	(7)	(4,230)	(1,304)	(1,624)	(709)	(14)	(3,651)
Management	(6,207)	(3,101)	(263)	(130)	(9,701)	(4,801)	(2,718)	(226)	(117)	(7,862)
Routine maintenance	(6,335)	(821)	(221)	(2)	(7,379)	(5,324)	(866)	(141)	(1)	(6,332)
Planned maintenance	(1,034)	(51)	(29)	-	(1,114)	(730)	(191)	(43)	-	(964)
Rent losses from bad debts	(295)	(109)	(37)	4	(437)	(320)	(113)	(4)	-	(437)
Major repairs expenditure	(3,413)	(136)	(7)	-	(3,556)	(2,344)	(332)	(46)	-	(2,722)
Other costs	(203)	-	-	-	(203)	(171)	(31)	-	(66)	(268)
Lease payments to partners	(205)	-	-	-	(205)	(203)	-	-	-	(203)
Depreciation of leased properties	(159)	-	-	-	(159)	(166)	-	-	-	(166)
Depreciation of housing properties	(1,421)	(138)	(206)	(38)	(1,803)	(1,538)	(198)	(202)	(95)	(2,033)
Total expenditure on letting activities	(20,995)	(6,180)	(1,439)	(173)	(28,787)	(16,901)	(6,073)	(1,371)	(293)	(24,638)
Operating surplus on letting activities (see note 2)	9,037	670	69	1,014	10,790	7,414	324	104	741	8,583
Void losses	466	344	136	-	946	295	384	103	-	782



## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

	2008		2007	
	Group £000	Company £000	Group £000	Company £000

## 4 OPERATING SURPLUS

The operating surplus is stated after charging/(crediting):

Bad debts including transfer to provision for bad & doubtful debts	437	-	437	-
Depreciation of housing properties	1,748	-	2,199	-
Depreciation of other tangible fixed assets	651	114	827	17
Amortisation of goodwill	3	-	-	-
(Gain)/loss on sale of other tangible fixed assets	(15)	-	11	-
Operating lease rentals	275	-	268	-
Depreciation of leased properties	293	-	299	-
Auditors remuneration (incl. VAT) – for audit services	60	12	38	2
for non-audit services	48	10	40	2
Auditors remuneration (including VAT) for BDO Stoy Hayward for audit services	-	-	21	-

## 5 INTEREST RECEIVABLE AND OTHER INCOME

Bank interest	807	8	662	1
Loan interest recharged to group companies	-	1,712	-	-
	<u>807</u>	<u>1,720</u>	<u>662</u>	<u>1</u>

## 6 INTEREST PAYABLE AND SIMILAR CHARGES

Interest on loans repayable wholly or partly in five years or less	-	-	-	-
Interest on loans repayable wholly or partly in more than five years by instalments	11,479	-	8,754	-
Interest on intercompany loan	-	1,718	-	-
On leases	233	-	215	-
Interest payable capitalised on housing properties under construction	(1,626)	-	(922)	-
	<u>10,086</u>	<u>1,718</u>	<u>8,047</u>	<u>-</u>

Capitalised interest charged at rates 4.5% (receivable) and 6.5% (payable).

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

	2 0 0 8		2 0 0 7	
	Group £000	Company £000	Group £000	Company £000
<b>7 CORPORATION TAX</b>				
<b>(a) Analysis of change in the period -</b>				
The tax charge on the surplus on ordinary activities for the year was:				
Current tax:				
UK corporation tax charge for year	29	1	42	-
Over provision in previous years	(24)	-	(141)	-
Total current tax	5		(99)	-
Deferred tax:				
Origination and reversal of timing differences	-	-	(1)	2
Tax on surplus on ordinary activities	5	1	(100)	2
<b>(b) Factors affecting tax charge for the period -</b>				
Surplus on ordinary activities	4,204	48	3,304	6
Less: Exempt due to charitable status of holding company	(3,622)	-	(2,972)	-
	582	48	332	6
Whereon corporation tax at the standard rate of 30% (2007: 30%)	175	14	100	2
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	19	11	19	-
Difference in corporation tax rates between individual companies	-	-	-	-
Indexation on disposal of property	(6)	-	(5)	-
Movement in VI losses	(12)	-	23	7
Capitalised interest	-	-	(1)	-
Adjustments to tax charge in respect of previous periods	(24)	-	(141)	-
Gift aid payment below PBT line	(120)	-	(79)	-
Marginal relief	(3)	-	(7)	-
Capital allowances in excess of depreciation	(24)	(24)	(9)	(9)
Current tax charge for the period	5	1	(100)	-
<b>(c) Factors affecting future tax charges -</b>				
No deferred tax asset is recognised on the group's DVI losses. The amount unprovided for is £20,863 (2007: £52,017). The losses would only be relieved if the group was to make surpluses on its DVI activities.				

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

	2 0 0 8		2 0 0 7	
	Group	Company	Group	Company
	£000	£000	£000	£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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A gift aid payment of £400,000 as made by Plumlife Homes Limited to Manchester Methodist Housing Association on 31<sup>st</sup> March 2008. This is eliminated on consolidation.

	2 0 0 8		2 0 0 7	
	Group	Company	Group	Company
	£000	£000	£000	£000
<b>9 SALE OF FIXED ASSETS</b>				
Proceeds received from sales	6,336	-	2,899	-
Cost of sales	(4,437)	-	(1,764)	-
Gain on sale	<u>1,899</u>	<u>-</u>	<u>1,135</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. The Managing Directors of Manchester Methodist Housing Association, Ashiana Housing Association and Space New Living are paid by those Associations.

	2 0 0 8		2 0 0 7	
	Group	Company	Group	Company
	£000	£000	£000	£000
Emoluments of the association's directors including pension contributions	<u>497</u>	<u>497</u>	<u>562</u>	<u>562</u>
Emoluments of the Chief Executive, who was also the highest paid director, excluding pension contributions	<u>146</u>	<u>146</u>	<u>134</u>	<u>134</u>

Other than to the Chief Executive 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 (2007: £Nil).

The Chief Executive is an ordinary member of the Social Housing Pension Scheme. The scheme is a final salary scheme funded by contributions from the employer and employee. A contribution of £19,319 (2007: £15,978) was paid by the employer in addition to those made by the Chief Executive himself.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 11 EMPLOYEES

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

	2008		2007	
	Group No.	Company No.	Group No.	Company No.
Administration	105	59	109	38
Development	37	1	30	1
Housing	349	-	328	-
	<u>491</u>	<u>60</u>	<u>467</u>	<u>39</u>
	<b>2008</b>		<b>2007</b>	
	Group	Company	Group	Company
	£000	£000	£000	£000

Staff costs were –

Wages and salaries	11,186	1,691	9,880	1,252
Social security	957	196	878	139
Other pension costs	843	233	744	208
	<u>12,986</u>	<u>2,120</u>	<u>11,502</u>	<u>1,599</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 Plumlife Homes, (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 until 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 2008 (continued)**

**11 EMPLOYEES (continued)**

During the accounting period the Group paid contributions at the rate of 12.3% to 14.05%. Member contributions varied between 4.7% and 8.45% depending on their age. As at the balance sheet date there were 217 active members of the Scheme employed by the group. The annual pensionable payroll in respect of these members was £843,000. The Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis 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 2007. 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 £1,760 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £209 million, equivalent to a past service funding level of 89%. 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 increased 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 PA92C2013 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:

	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	19.4	22.4

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

**11 EMPLOYEES (continued)**

The long-term joint contribution rates required from employers and members where contributions are set their on an age related basis are:

Age	Under 30	30 - 40	Over 40
	Long-term joint contribution rate (% of pensionable salaries)		
Benefit Structure			
Final salary with 1/60 <sup>th</sup> accrual rate	16.1	17.1	18.1
Final salary with 1/70 <sup>th</sup> accrual rate	13.8	14.8	15.8
Career average revalued earnings with a 1/60 <sup>th</sup> accrual rate	12.6	13.6	14.6

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.

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.

As a result of pension scheme legislation 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.

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 31 March 2007. As of this date the estimated employer debt for the Group was £16,380,000.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

**11 EMPLOYEES (continued)**

**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.

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 5 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

GREAT PLACES HOUSING GROUP LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2008 (continued)

11 EMPLOYEES (continued)

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

The valuation was carried out using the PA92CC2025 mortality table for non-pensioners and PA92CC2015 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:

	Males	Females
Non-pensioners	Assumed life expectancy in years at age 65 20.4	Assumed life expectancy in years at age 65 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 had not been formed at September 2005, and hence could not be 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.

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 11 EMPLOYEES (continued)

## c) Pensions: Local Government Pension Scheme administered by South Yorkshire Pensions Authority

The Group participates in the Local Government Pension Scheme (LGPS) administered by South Yorkshire Pensions Authority (SYPa) through its subsidiary Manchester Methodist Housing Association, a defined benefit multi-employer benefit scheme administered under the Regulations governing the Local Government Pension Scheme. The pension scheme transferred to the group on the 23<sup>rd</sup> April 2007 and was fully funded at this date. At 31<sup>st</sup> March 2008 there were 13 active members of the Scheme employed by the Group.

The Group's contribution to the LGPS for the year ended 31<sup>st</sup> March 2008 were £21,000 (2007: nil) and the employer's contribution rate is 8.3% of pensionable pay.

In accordance with accounting standards, the full requirements of FRS17 (Retirement Benefits) has been adopted.

A full actuarial valuation was carried out at 31<sup>st</sup> March 2007 and supplementary figures were provided for 31<sup>st</sup> March 2008 by a qualified independent actuary.

The main assumptions used by the actuary were:

	As at 31/03/08	As at 31/03/07
Rate of increase in salaries	5.1%	4.6%
Discount rate for scheme liabilities	6.1%	5.4%
Rate of increase in pensions	3.6%	3.1%
Inflation	3.6%	3.1%

The market value of the scheme assets, the present value of the liabilities and the resulting deficit together with the expected rates of return on the assets were as follows:

	31/03/08		31/03/07	
	£'000	Return	£'000	Return
Equities	296	7.5%	N/A	N/A
Government Bonds	72	4.6%	N/A	N/A
Other Bonds	35	6.1%	N/A	N/A
Property	54	6.5%	N/A	N/A
Cash/Liquidity	14	5.25%	N/A	N/A
Total	471	6.77%	N/A	N/A
Net Pension Liability	As at 31/03/08		As at 31/03/07	
	£'000		£'000	
Total market value of assets	471		-	
Present value of scheme liabilities	(592)		-	
Net Pension Liability	(121)		-	

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 11 EMPLOYEES (continued)

c) Pensions: Local Government Pension Scheme administered by South Yorkshire  
Pensions Authority (continued)

## Analysis of the amount charged to operating surplus

	As at 31/03/08 £'000	As at 31/03/07 £'000
Service costs	32	-
Past service costs	9	-
Total operating charge	41	-

## Analysis of the amount charged/(credited) to operating finance income

	As at 31/03/08 £'000	As at 31/03/07 £'000
Expected return on employer assets	(28)	-
Interest on pension scheme liabilities	28	-
Net return	-	-
Net revenue account cost	41	-

## Analysis of the amount recognised in the statement of total gains and losses

	As at 31/03/08 £'000	As at 31/03/07 £'000
Asset gain/(loss)	(39)	-
Liability gain/(loss)	(99)	-
Changes in financial assumptions	37	-
Actuarial gain/(loss) recognised in STRGL	(101)	-

## Analysis of the movement in surplus/(deficit) during the year

	As at 31/03/08 £'000	As at 31/03/07 £'000
(Deficit) in the fund at the beginning of year	-	-
Movement in year:		
Current service costs	(32)	-
Employer contributions	21	-
Past service costs	(9)	-
Net return on assets	-	-
Actuarial gain/(loss)	(101)	-
(Deficit) at end of year	(121)	-

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

12 INTANGIBLE FIXED ASSETS – GOODWILL	2008
	£'000
<b>Cost</b>	
At 1 April 2007	-
Additions during year	19
Disposals during year	-
At 31 March 2008	<u>19</u>
<b>Amortisation</b>	
At 1 April 2007	-
Charge for year	3
Disposals during year	-
At 31 March 2008	<u>3</u>
<b>Net book value</b>	
At 1 April 2007	-
At 31 March 2008	<u><u>16</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 13 TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Completed schemes				Under Construction			Total £000
	Shared O'ship £000	General Needs £000	Supported Housing £000	Keyworker £000	Shared O'ship £000	General Needs £000	Supported Housing £000	
<b>(a) Group</b>								
<b>Cost</b>								
At 1 April 2007	23,321	331,023	68,648	9,375	18,740	12,134	4,274	467,515
Additions	2,113	10,617	1,109	-	22,406	16,825	4,008	57,078
Capitalisation of major repairs	-	6,938	-	-	-	-	-	6,938
First tranche sale proceeds	(543)	-	-	-	(7,149)	-	-	(7,692)
Disposals	(2,547)	(4,249)	(63)	-	(223)	-	-	(7,082)
Transferred on completion	10,732	12,334	8,179	-	(10,732)	(12,334)	(8,179)	-
At 31 March 2008	<u>33,076</u>	<u>356,663</u>	<u>77,873</u>	<u>9,375</u>	<u>23,042</u>	<u>16,625</u>	<u>103</u>	<u>516,757</u>
<b>SHG</b>								
At 1 April 2007	11,487	197,988	44,061	265	6,050	11,978	4,878	276,707
Receivable in year	509	6,608	2,220	-	1,914	5,178	1,292	17,721
Disposals	(650)	(931)	(17)	-	-	-	-	(1,598)
Transferred on completion	3,390	9,053	5,520	-	(3,390)	(9,053)	(5,520)	-
At 31 March 2008	<u>14,736</u>	<u>212,718</u>	<u>51,784</u>	<u>265</u>	<u>4,574</u>	<u>8,103</u>	<u>650</u>	<u>292,830</u>
<b>Depreciation &amp; Impairment</b>								
At 1 April 2007	224	11,317	523	488	-	-	-	12,552
Charge for year	43	1,613	179	206	-	-	-	2,041
Disposals	(13)	(868)	(1)	-	-	-	-	(882)
At 31 March 2008	<u>254</u>	<u>12,062</u>	<u>701</u>	<u>694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,711</u>
<b>Net Book Value</b>								
At 1 April 2007	<u>11,610</u>	<u>121,718</u>	<u>24,064</u>	<u>8,622</u>	<u>12,690</u>	<u>156</u>	<u>(604)</u>	<u>178,256</u>
At 31 March 2008	<u>18,086</u>	<u>131,883</u>	<u>25,388</u>	<u>8,416</u>	<u>18,468</u>	<u>8,522</u>	<u>(547)</u>	<u>210,216</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

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

	2008	2007
(a) Group (continued)	£000	£000
Housing properties comprise:		
Freehold land and buildings	173,993	141,868
Long leasehold land and buildings	36,223	36,388
	<u>210,216</u>	<u>178,256</u>

Additions in the year include approximately £1,835,000 (2007: £1,957,000) of internal administration costs.

Expenditure to existing properties: £10,494,000 (2007: £4,522,000) has been spent on works to existing properties, of which £6,938,000 (2007: £1,974,000) has been capitalised, and £3,556,000 (2007: £2,548,000) has been treated as revenue.

## (b) Company

The company has no housing property assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

**14 TANGIBLE FIXED ASSETS – OTHER**

Group

	2008						Total
	Leasehold offices	Freehold offices	Furniture & equipment	Computers	Motor Vehicles	Scheme Equipment	
	£000	£000	£000	£000	£000	£000	
<b>Cost</b>							
At 1 April 2007	449	5,554	852	1,892	63	1,651	10,461
Additions in year	-	-	53	660	39	-	752
Disposals in year	(65)	-	(114)	(722)	(42)	(1,651)	(2,594)
At 31 March 2008	384	5,554	791	1,830	60	-	8,619
<b>Depreciation</b>							
At 1 April 2007	279	358	466	1,052	33	1,651	3,839
Charge for year	48	30	152	400	21	-	651
Disposals in year	(65)	-	(107)	(718)	(42)	(1,651)	(2,583)
At 31 March 2008	262	388	511	734	12	-	1,907
<b>Capital Grants</b>							
At 1 April 2007	-	-	7	4	-	-	11
Additions in year	-	-	-	-	-	-	-
Disposals	-	-	(7)	(4)	-	-	(11)
At 31 March 2008	-	-	-	-	-	-	-
<b>Net book value</b>							
At 1 April 2007	170	5,196	379	836	30	-	6,611
At 31 March 2008	122	5,166	280	1,096	48	-	6,712
Fixed assets included above acquired under hire purchase or finance leases are as follows -				Cost			303
				Aggregate depreciation			(205)
				Net book value			98

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

**14 TANGIBLE FIXED ASSETS – OTHER**

Company

	2008						Total £000
	Leasehold offices	Freehold Offices	Furniture & equipment	Computers	Motor Vehicles	Scheme Equipment	
	£000	£000	£000	£000	£000	£000	
<b>Cost</b>							
At 1 April 2007	-	-	-	194	-	-	194
Additions in year	-	-	-	660	25	-	685
Disposals in year	-	-	-	-	-	-	-
At 31 March 2008	-	-	-	854	25	-	879
<b>Depreciation</b>							
At 1 April 2007	-	-	-	17	-	-	17
Charge for year	-	-	-	113	1	-	114
Disposals in year	-	-	-	-	-	-	-
At 31 March 2008	-	-	-	130	1	-	131
<b>Net book value</b>							
At 1 April 2007	-	-	-	177	-	-	177
At 31 March 2008	-	-	-	724	24	-	748
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 2008 (continued)

	2008		2007	
	Group £000	Company £000	Group £000	Company £000
<b>15 INVESTMENT IN JOINT VENTURE</b>				
Investment in Joint Venture	10	-	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 loss of £1,311 for the period, the Group's share of which is £437. Reviva Urban Renewal declared a gift aid payment of £232,000 in the year of which Manchester Methodist Housing will receive one third.

	2008		2007	
	Group £000	Company £000	Group £000	Company £000
<b>16 STOCK AND WORK IN PROGRESS</b>				
Work in progress	7,190	-	2,028	-

	2008		2007	
	Group £000	Company £000	Group £000	Company £000
<b>17 DEBTORS</b>				
(a) Due after more than one year				
Staff car loans	10	4	16	-
Due from group association	-	117,253	-	-
	10	117,257	16	-

	2008		2007	
	Group £000	Company £000	Group £000	Company £000
(b) Due within one year				
Arrears of rent and service charge	4,296	-	3,835	-
Less: Provision for bad and doubtful debts	(1,760)	-	(1,841)	-
	2,536	-	1,994	-
Capital grants receivable	-	-	2,917	-
Staff car loans	9	1	11	-
Management fees receivable	-	-	-	-
Due from group company	-	441	-	79
Prepayments and accrued income	487	407	412	105
Trade debtors	2,011	-	737	-
Other debtors	1,828	29	348	5
	6,871	878	6,419	189
Total debtors	6,881	118,135	6,435	189

<b>18 INVESTMENTS</b>		<b>2008</b>		<b>2007</b>	
Group and holding company	£000	Company £000	Group £000	Company £000	£000
	4,000	-	4,000	-	-

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 2008 and included above was £4,000,000 (2007: £4,000,000).

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

	2 0 0 8		2 0 0 7	
	Group £000	Company £000	Group £000	Company £000
<b>19 CREDITORS: Amounts falling due within one year</b>				
Corporation tax	35	1	47	-
Housing loans	1,388	-	1,910	-
Non-housing loans	59	-	99	-
Property Leases (see note 21)	129	-	227	-
Bank overdraft	92	92	-	-
Prepayment of rent and service charge	2,465	-	2,009	-
Capital expenditure on housing properties	1,423	-	1,711	-
Taxation and social security	321	82	271	54
Trade creditors	1,952	114	2,293	8
Capital grants repayable	-	-	-	-
Capital grants received in advance	3,535	-	184	-
Revenue grants received in advance	392	-	236	-
Accruals	4,901	318	4,969	20
Due by group association	-	377	-	257
Recycled Capital Grant Fund (see note 22)	845	-	911	-
Disposals Proceeds Fund (see note 22)	249	-	279	-
Sinking fund balances due to leaseholders	612	-	481	-
Amounts due to partner housing assoc'ns	477	-	144	-
Other creditors	4,824	667	2,817	21
	<u>23,699</u>	<u>1,651</u>	<u>18,588</u>	<u>360</u>
Cash balances totalling £612k (2007: £476k) are held in trust for leaseholders.				
	<b>2 0 0 8</b>	<b>2 0 0 7</b>		
	Group £000	Company £000	Group £000	Company £000
<b>20 CREDITORS: Amounts falling due after more than one year</b>				
Accrual and deferred income	5	-	6	-
Other creditors	33	-	-	-
Recycled Capital Grant Fund (see note 22)	1,670	-	1,557	-
Disposals Proceeds Fund (see note 22)	535	-	293	-
Property Leases (see note 21)	842	-	2,561	-
Housing loans	168,787	117,179	141,766	-
Non-housing loans	3,024	-	3,050	-
	<u>174,896</u>	<u>117,179</u>	<u>149,233</u>	<u>-</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

	2 0 0 8		2 0 0 7	
	Group £000	Company £000	Group £000	Company £000
<b>21 LOANS ANALYSIS</b>				
(a) Loans are repayable as follows:				
Due within one year	1,517	-	1,979	-
Between one and two years	1,467	-	1,943	-
Between two and five years	4,701	-	8,274	-
After five years	167,966	117,253	135,326	-
	<u>175,651</u>	<u>117,253</u>	<u>147,522</u>	-
Less: Loan arrangement fees				
Add: Deferred debenture premium	(2,393)	(74)	(2,018)	-
	<u>173,258</u>	<u>117,179</u>	<u>146,825</u>	-
(b) Property Leases				
Due within one year	129	-	227	-
Between one and two years	129	-	227	-
Between two and five years	388	-	680	-
After five years	325	-	1,654	-
	<u>971</u>	-	<u>2,788</u>	-
(c) Debenture stocks:				
THFC (Indexed 2) Ltd. -				
5.5% Index-Linked Stock, 2024	500	-	500	-
Nominal amount	500	-	500	-
Consideration received	-	-	-	-
THFC Ltd -				
11.5% Debenture Stock, 2016	1,500	-	1,500	-
Nominal amount	1,509	-	1,509	-
Consideration received	-	-	-	-
8.625% Debenture Stock, 2023	750	-	750	-
Nominal amount	747	-	747	-
Consideration received	-	-	-	-
THFC (Social Housing Finance) Ltd.				
8.75% Debenture Stock, 2016/21	-	-	6,500	-
Nominal amount	-	-	8,359	-
Consideration received	-	-	-	-

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 18).

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

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 2008 (continued)

## 21 LOANS ANALYSIS (continued)

In December 2007, Great Places Group completed a refinancing exercise. As a result, several housing loans held by MMHA, Space and Ashiana were repaid and refinanced through new Group facilities. The new facilities are loans to Great Places Housing Group Limited and then on-lent to its subsidiaries under a guarantee structure. As such these loans are presented in MMHA, Space and Ashiana as intercompany loans.

In December 2007, the Great Places Group entered into a number of swaps, the details of which are:

- Abbey National plc for a period of 25 years to 18 December 2032, the value of the swap is £10 million at a rate of 4.965%.
- Royal Bank of Scotland plc for a period of 30 years to 19<sup>th</sup> December 2037, the value of the swap is £20 million at a rate of 4.92%
- Lloyds TSB plc for a period of 25 years to 20<sup>th</sup> December 2032, the value of the swap is £15 million at a rate of 4.945%.
- Barclays Bank plc for a period of 40 years to 1 October 2047, the value of the swap is £26 million at a rate of 4.82%.

## 22 RCGF AND DPF CREDITORS

## a) Recycled Capital Grant Fund

	Group £000	Company £000
As at 1 <sup>st</sup> April 2007	2,468	-
Inputs to reserve:		
Grants recycled in	1,511	-
Interest accrued	159	-
Transfers from other Group members	-	-
Outputs from reserve:		
New build recycled out	(1,051)	-
Major repairs and works to existing stock	(225)	-
Other	(347)	-
As at 31 <sup>st</sup> March 2008	<u>2,515</u>	<u>-</u>

## b) Disposal Proceeds Fund

	Group £000	Company £000
As at 1 <sup>st</sup> April 2007	572	-
Inputs to reserve:		
Grants recycled in	496	-
Interest accrued	38	-
Transfers from other Group members	-	-
Outputs from reserve:		
New build recycled out	(322)	-
Major repairs and works to existing stock	-	-
As at 31 <sup>st</sup> March 2008	<u>784</u>	<u>-</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

	2008	2007
	£	£
<b>23 SHARE CAPITAL</b>		
<b>Group</b>		
Shares of £1 each fully paid:		
At 1 April 2007	140	136
Issued during year	2	17
Cancelled during year	(11)	(13)
At 31 March 2008	<u>131</u>	<u>140</u>

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.

**24 RESERVES**

	Other Major Repairs £000	Revenue £000	Total £000
<b>(a) Group:</b>			
At 1 April 2007	8,046	33,659	41,705
Surplus for year	-	4,179	4,179
Transfer from revenue reserve	-	-	-
Transfer to revenue reserve	(8,046)	8,046	-
Deficit arising on pension scheme (see note 11c)	-	(101)	(101)
At 31 March 2008	<u>-</u>	<u>45,783</u>	<u>45,783</u>
<b>(b) Company:</b>			
At 1 April 2007	-	6	6
Surplus for year	-	47	47
Transfer from revenue reserve	-	-	-
Transfer to revenue reserve	-	-	-
At 31 March 2008	<u>-</u>	<u>53</u>	<u>53</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 25 FINANCIAL COMMITMENTS

Group and holding company	2008		2007	
	Group £000	Company £000	Group £000	Company £000
(a) Capital commitments:				
Expenditure contracted for but not provided in the financial statements	63,191	-	81,817	-
Expenditure authorised by the Board contracted	120,485	-	18,601	-
	<u>183,676</u>	<u>-</u>	<u>100,418</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:

	2008		2007	
	Group £000	Company £000	Group £000	Company £000
Office equipment leases expiring:				
Within one year	28	-	26	-
One to five years	42	-	39	-
Beyond five years	-	-	-	-
Partner leases due within one year	338	-	212	-
	<u>408</u>	<u>-</u>	<u>277</u>	<u>-</u>

## 26 CONTINGENT LIABILITIES

At 31 March 2008 and 2007, there were no known contingent liabilities.

## 27 POST BALANCE SHEET EVENT

Group and holding company

On the 31<sup>st</sup> May 2008 Windmill Housing Association transferred all of its engagements to Manchester Methodist Housing Association, a subsidiary of Great Places Housing Group Limited.

28 SOCIAL HOUSING GRANT	2008		2007	
	Group £000	Company £000	Group £000	Company £000
The accumulated SHG received or receivable at the balance sheet date in respect of both capital and revenue sources is	256,615	-	245,453	-

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 29 RELATED PARTIES

The Great Places Board has one tenant Board member; there are also tenant board members on the Boards of group subsidiaries. Their tenancies are on normal commercial terms and they cannot use their position to their advantage. There are no other related party transactions.

30 HOUSING STOCK AS AT 31<sup>st</sup> MARCH

	2008	2007
	No. of Units	No. of Units
<b>Under development at end of the year:</b>		
Housing accommodation	291	448
Supported housing	262	89
Shared ownership accommodation	27	368
	<u>580</u>	<u>905</u>
<b>Under management at the year end:</b>		
Housing accommodation	8,810	7,455
Supported housing	1,360	1,277
Keyworker/student accommodation	485	713
Shared ownership/leasehold accommodation	805	888
Properties managed on behalf of others	2,398	478
	<u>13,858</u>	<u>10,811</u>

31 ACCOMMODATION MANAGED BY OTHERS  
Group

At 31 March, the number of units owned by the Group but managed by others on its behalf was

	2008	2007
	No. of units	No. of units
	<u>127</u>	<u>135</u>

## GREAT PLACES HOUSING GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)

## 32 GROUP STRUCTURE

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

Blackpool Loft Company Limited (dissolved 29/01/2008)  
 Plumlife Homes Limited (formerly Central Methodist Housing Association Limited)  
 Five Piers Housing Association Limited (dissolved 06/05/2008)  
 Knutsford Housing Association Limited (dissolved 06/05/2008)  
 North West Methodist Homes  
 Plumlife Limited  
 Salford First Limited  
 Seaside Loft Company Limited (dissolved 19/02/2008)  
 Manchester Methodist Housing Association Limited ('MMHA')  
 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  
 Cube Great Places Limited (a subsidiary of MMHA, Space and Ashiana)  
 Terra Nova Developments Limited (a direct subsidiary of MMHA)

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.

Plumlife Homes Limited is registered under the Industrial and Provident Societies Act 1965 and is a registered non-charitable social landlord.

The undernoted 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%
Cube Great Places Limited	Percentage held or controlled - 100%

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

Ashiana Housing Association Limited
North West Methodist Homes
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, Plumlife Homes Limited and Terra Nova Developments Limited traded during the year. The remainder were dormant and non-trading throughout the entire year.