

Registered Industrial and Provident Society No 30045R

Registered Housing Association No L4465

**GREAT PLACES HOUSING GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

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GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

ASSOCIATION INFORMATION

Board

Chairman E. Stott
Deputy Chairman L. Hansen
Other Members

A. Beeput (appointed 4/6/09)
T. Butt (appointed 10/9/08)
G. Christiansen (resigned 4/6/09)
J. Clifton (appointed 4/6/09)
T. Cook (appointed 10/9/08)
D. Copley (appointed 10/9/08)
E. Dyson (resigned 10/9/08)
K. Evans (appointed 10/9/08)
M. Faulkner (appointed 4/6/09)
A. Harris
R. Kirkwood (appointed 4/6/09)
G. Martin (resigned 10/9/08)
A. Piracha (resigned 10/9/08)
P. Roche
S.J. Porter
T. Snape (appointed 10/9/08)

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site

www.greatplaces.org.uk

Registered Numbers

Housing Corporation No:
L4465
Industrial and Provident
Society No: 30045R

External Auditors

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Executive Directors

Chief Executive S.J.Porter
Deputy Chief Executive M. Harrison
and
Director of Development
Director of Finance
and Company Secretary P. Elvy

Internal Auditors

Mazars LLP
Merchant Exchange
Whitworth Street West
Manchester
M1 5WG

Bankers

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

Director of Corporate
Performance and
Innovation M. Shannon
Managing Director of
Manchester Methodist
and Ashiana Housing
Associations G. Cresswell

Managing Director of
Space New Living S. Reuben (resigned 31/5/09)
G. Cresswell (appointed 4/6/09)

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Corporate Structure

Great Places Housing Group (the "Group") consists of four registered social landlords (RSLs) – soon to be renamed registered providers (RPs):

- Ashiana Housing Association ("Ashiana")
- Manchester Methodist Housing Association ("MMHA")
- Plumlife Homes Limited ("Plumlife")
- Space New Living Limited ("Space")

In addition the Group has a number of other third tier subsidiaries including Cube Lifestyle Limited, Cube Great Places Limited, Terra Nova Developments Limited and also trades as Parkway Housing Association in Sheffield.

On 31st May 2008 Windmill Housing Association became part of MMHA following a transfer of engagements.

During 2009/10, the Group is planning to simplify its structure by combining MMHA, Ashiana and Space into a single registered provider via a transfer of engagements. This major project is subject to approval from various parties including the relevant Boards, the regulators, our funders and pension providers.

The Group's principal activities are the development and management of affordable housing for rent and shared ownership, supported housing and keyworker accommodation.

The Group's head office is based in South Manchester and its properties are primarily in Greater Manchester, Lancashire and South Yorkshire.

HOUSING PROPERTIES MANAGED	As at 31st March 2009	As at 31st March 2008	As at 31st March 2007	As at 31st March 2006
Housing accommodation	10,042	8,810	7,455	7,379
Supported housing	1,373	1,360	1,277	1,249
Keyworker/student accommodation	485	485	713	713
Shared ownership/leasehold	1,069	805	888	822
Managed on behalf of others	1,812	2,398	478	481
TOTAL	14,781	13,858	10,811	10,644
Properties owned, managed by a third party	168	127	135	77
Properties under development	556	580	905	709

Activities

The Group's primary activities include:

- Management and development of general needs housing for rent;
- Management and development of supported housing;
- Management of keyworker accommodation;
- Management and development of low-cost home ownership;
- Management of leasehold and privately owned property;
- Provision of related services such as financial inclusion and social enterprise activities;
- Provision of Homebuy agency and similar services; and
- Regeneration of neighbourhood and communities.

As well as managing almost 15,000 properties, the Group is a major developer of new affordable housing and is a lead development partner under the Homes and Communities Agency (HCA) National Affordable Housing Programme.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

External influences

The Group delivers this diverse range of activities within a complex operating environment and ensures that it recognises and responds to the implications of changes in this environment.

The last eighteen months has been a period of economic turmoil: Collapse of banking organisations across the world, many rescued by state intervention; a continuing credit crunch; significant falls in house prices and sales volumes; high then rapidly falling inflation; a slump turning into a broader economic slowdown finally being confirmed in January 2009 as recession. The next 12 months promise further challenge: Whilst interest rates may be historically low, retail price inflation is expected to be negative during 2009/10 (which directly impacts the Group's rental income streams); house prices may fall further and credit is only easing very slowly, significantly reducing the Group's ability to generate income from property sale activity.

The Group business plan sets out a detailed analysis of the situation, identifying how it impacts the Group.

Whilst the response to the situation by the volume housebuilders has been one of consolidation and retraction, with new starts vastly reduced, this is not necessarily an option for developing RPs such as Great Places. The Group is still required to achieve HCA targets which means it needs to continue to bring forward new development schemes. The introduction of the "Plumlife Rent" intermediate rent to buy product, often supported by additional HCA grant, has allowed the Group to continue to develop at a time when commercial developers and builders are curtailing their activity.

2008/09 has also seen the commencement of a new regulatory regime, with the former regulator, the Housing Corporation, replaced by the pairing of the Homes and Community Agency and also the Tenant Services Authority (TSA). Regulatory change in a time of much economic change and reduced political stability combine to present the Group with significant challenge.

Board members and executive directors

The present Board members and the executive directors of the Group are set out on page 1. The Board members are drawn from a wide background bringing together professional, commercial and local experience.

The executive directors are the Group Chief Executive and the other members of the Group's senior management team. They hold no interest in the Group's shares and act as executives within the authority delegated by the Board.

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

During the year, Munir Ahmed resigned as Managing Director of Ashiana. Stephen Reuben resigned as Managing Director of Space on 31st May 2009. Guy Cresswell has taken over the role of Managing Director of Ashiana and Space as well as MMHA, whilst Maggie Shannon, Director of Performance and Innovation, has taken on the responsibility for Asset Management for the Group.

The other executive directors served throughout the year.

Insurance policies indemnify Board members and officers against liability when acting for the Group.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Pensions

The executive directors are members of the Social Housing Pension Scheme. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees.

Other benefits

The executive directors are entitled to other benefits such as the provision of a car (or car allowance) and health care insurance. Further information on the emoluments of the executive directors is included in note 10 to the audited financial statements.

Vision, values, objectives and strategy

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.

Our values have recently been reconfirmed as:

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

Our ambition is to be the best Housing Association in the North and we believe we can achieve this through:

- Being a top performing organisation
- Continuing to innovate
- Being larger – 20,000 properties
- Being an employer of choice
- Adapting to new situations while maintaining our core values
- Having a great reputation

To achieve these, we have identified 9 key corporate objectives that are classified into three Groupings each relating to particular internal influence:

Delivering top quartile customer service excellence

- Customers and service delivery
- Sustainable communities
- Value for money
- Equality and diversity

Making the Group work effectively

- People
- Innovation and continuous improvement

Growing the Group

- Finances
- Growth
- Reputation
- Environment/Green issues

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Each objective has its own set of performance measures.

These ambitions and objectives are set out the Group Corporate Plan that is reviewed and approved by the Board each year.

Performance management

The Group manages its performance through a balanced scorecard approach which assesses the achievement of the Corporate Objectives through a range of quantitative and qualitative measures. Each objective is assessed against the relevant set of measures and an overall performance judgement made.

The table below summarises some of the key outcomes from the 2008/9 year end balanced scorecard:

Objective	Indicative measures	Scorecard judgement
Customers and service delivery	<ul style="list-style-type: none"> • Performance against 12 service standards • Satisfaction with outcome of complaints 	Mixed performance
Sustainable communities	<ul style="list-style-type: none"> • Tenancy turnover 	On target
Value for money	<ul style="list-style-type: none"> • Procurement initiatives implemented 	Mixed performance
People	<ul style="list-style-type: none"> • Staff turnover • Sickness absence 	On target
Innovation and continuous improvement	<ul style="list-style-type: none"> • Implementation of service reviews 	On target
Finances: Overall	<ul style="list-style-type: none"> • Achievement of surplus 	Not on target
Finances: Turnover	<ul style="list-style-type: none"> • Budget, void loss & arrears 	On target
Finances: Operating Costs	<ul style="list-style-type: none"> • Achievement of budget 	On target
Growth	<ul style="list-style-type: none"> • HCA delivery targets 	Mixed performance
Reputation	<ul style="list-style-type: none"> • External awards 	On target
Environment	<ul style="list-style-type: none"> • Mileage • Energy usage 	On target

In the forthcoming year, equality and diversity is to be added as a standalone objective rather than being a cross cutting objective.

The balanced scorecard is supplemented by benchmarking (comparing the Group to a family of similar North West RPs) using a range of KPIs produced by the TSA annually.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Key projects delivered and other achievements in 2008/9 and new projects planned for 2009/10 and beyond

The Group has delivered a range of major projects during the year including:

- Consolidation of the Group's property services team into a single Asset Management Service;
- Tendering of the Group's responsive repair contracts;
- Streamlining service provision across the Group through creation of centrally coordinated teams for Anti-Social Behaviour, Financial Inclusions, Social Enterprise and Customer Access; and
- Creation of new Tenant Panels to strengthen the Group's resident involvement activity.

Amongst the Group's key achievements in the year were:

- Winning the Housing Corporation's Gold award for its joined-up development work in Northmoor;
- Achieving top 100 status (being 61st) in the Sunday Times best companies to work for awards; and
- Retaining, against strong competition, our Homebuy agency contract for Greater Manchester and Lancashire, and extending our patch to include South Yorkshire.

Amongst the significant projects planned for 2009/10 are:

- Simplification of the Group Structure;
- Implementation of an asset management system; and
- Rollout of service reviews in operational areas such as voids and arrears.

Risk management

Risk is inherent and unavoidable in every activity that any organisation undertakes and a robust risk management approach is as much about taking risks as avoiding them.

During 2008/9 we have reviewed our approach to risk to incorporate strategic opportunities as well as uncertainties and hazards.

Risks that may prevent the Group achieving its objectives are considered and reviewed regularly by staff throughout the organisation and the resultant key strategic risks in particular are considered by the senior management team and Board as part of ongoing planning processes.

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OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

The Group has identified 15 strategic risks – five opportunities, one uncertainty and nine threats – these are summarised in the table below. The Group's risk register sets out in more detail the controls currently in place, and the actions we plan to realise the opportunities, turn uncertainties into positives and mitigate the threats.

Key risk (Opportunity – O, Uncertainty – U, Threat – T)	
O	Missing opportunities to grow, particularly in the current economic climate
O	Having a good understanding of changing customer expectations and demographics enabling us to develop our services to meet future demand and needs
O	Achieving high levels of customer satisfaction by delivering quality homes and services
O	Broadening our range of added value services to achieve improved outcomes for customers and neighbourhoods
O	Not always getting the full benefits which would derive from closing the performance feedback loop systematically
U	Lack of realism/clarity about our financial or organisational capacity or capability leads to risk of us over or under committing the Group
T	Inaccurate external perceptions of what we are and do leading to a reputation we don't deserve
T	We become unnecessarily risk averse
T	We lose our development share due to being outbid or outflanked or outperformed by existing or new competitors
T	Our internal processes and systems don't keep pace with growth or other changes/developments in our business or external environment
T	Our people or related policies and practices don't keep pace with growth or other changes or ambitions in our business
T	Externally driven financial market issues adversely impact on Great Places finances, balance sheet or covenant compliance
T	Externally driven government policy issues adversely impact on Great Places finances, balance sheet or covenant compliance
T	Adverse incident or prospect of other publicity handled ineffectively
T	Non performance against corporate plan objectives is identified too late to bring matter swiftly back on course

Financial position

Highlights of the Group's Income and Expenditure account and Balance Sheet are shown in Table 2 (page 10) and the following paragraphs explain key features of the Group's financial position at 31 March 2009.

Accounting policies

The Group's principal accounting policies are set out on pages 23 to 27 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of improvements; housing property depreciation; impairment and the treatment of shared ownership properties.

The Statement of Recommended Practice for Registered Social Landlords (2008) was released in January 2008 with mandatory adoption required for periods beginning on or after 1 April 2008. The key change relates to our accounting policy for shared ownership properties and prior period balances have been adjusted to reflect the change in accounting policy which increased the opening revenue reserves balance by £2,961k (note 32).

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OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Capital structure, treasury policy, cash flows and liquidity

The Group borrowed £77million during the year. This funded the Group's ongoing development activity and the continuing major investment programme in Sheffield. During the year, the Group's debt increased by £19m as a result of the transfer of engagements of Windmill Housing Association.

Table 1:

	As at 31st March	
Maturity	2009	2008
	£m	£m
Within one year	1,408	1,517
Between one and two years	1,418	1,467
Between two and five years	4,391	4,701
After five years	238,461	167,966
TOTAL	245,678	175,651
Fixed	147,414 (60.0%)	126,642 (72.1%)
Variable	98,264 (40.0%)	49,009 (27.9%)
New facility	194,495	117,253
Legacy debt	51,183	58,398

The Group's borrowings are principally from banks and building societies, at both fixed and floating rates of interest.

In December 2007 the Group completed a refinancing exercise and repaid several housing loans held by MMHA, Space and Ashiana. The new facilities are loans to Great Places Housing Group and then on-lent to MMHA, Space and Ashiana under a guarantee structure.

Interest rate swaps are used to provide a hedge against the Group's exposure to interest rate fluctuations. The Group's policy is to keep between 50 per cent and 70 per cent of its borrowings at fixed rates of interest, with this policy regularly updated to ensure it is appropriate in the current fast moving financial climate.

Table 1 shows that at 31st March 2009 the Group had 60.0% fixed and 40.0% variable rate debt. The Group's Treasury strategy identifies a range within which the Group should operate and currently the Group's proportion of fixed rate debt is towards the bottom of that range. The Group has delayed some hedging of debt whilst discussions with our funders continue in respect of the proposed Group simplification.

The fixed rate transactions include a mix of embedded and stand alone swaps. The stand alone swaps are transacted through ISDA agreements and as a result of movements in interest rates, by the year end, the Group has been required to provide £1.45m of cash as security to the relevant counterparties.

The fixed rates of interest range from 4.92% to 12.25%

The Group's lending agreements require compliance with a number of financial and non-financial covenants, most notably interest cover and gearing, both of which are shown in Table 2 (page 10). The Group's position is monitored on an on-going basis. Our latest management accounting information and our future business plan projections confirmed that the Group was in compliance with its loan covenants at the balance sheet date and that it expects to remain compliant in the foreseeable future.

The Group borrows and lends only in sterling and so is not exposed to currency risk.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Cash flows

Cash flows during the year are shown in the consolidated cash flow statement (page 21).

The major influence on the scale and timing of future borrowings is the Group's future development programme, together, in 2009/10 and 2010/11, with the last two full years of investment on the Wybourn and Richmond Park stock transfer estates in Sheffield.

The Group business plan identifies gross funding requirements of £47m in 2009/10, £38m in 2010/11 and £34m in 2011/12 – a total of £119m. At March 2009 the remaining available facility is £123m.

Pension costs

The Group participates in three pension schemes, the Social Housing Pension Scheme (SHPS), the Pension Trust Growth Plan (PTGP) and the South Yorkshire Pension Fund (SYPF). SYPF is a final salary related scheme whilst SHPS provides a final salary related scheme for staff employed prior to April 2007 and a career average salary related scheme for staff employed after that date. All the schemes offer excellent benefits for our staff. The Group has contributed to the schemes in accordance with levels, set by the actuaries, of between 7.9% and 14.05%.

The latest actuarial valuation of SHPS was undertaken as at 30th September 2008 and the scheme has reported an increased deficit of £663m (£283m at September 2005). SHPS and its participating employers, including the Group, will undertake a review of benefit options during 2009/10.

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Year ended 31 March 2009

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Table 2 – Group highlights, four-year summary					
For the year ended 31 March					
	2009	2008	2007	2006	
	£m	Restated £m	£m	£m	
Group Income & Expenditure account					
Total turnover	62,069	56,638	42,887	43,775	
Operating surplus	12,897	12,315	9,554	9,330	
Surplus for the year	4,204	4,613	3,404	3,863	
Group Balance Sheet					
Housing properties	643,960	505,908	467,515	437,725	
Social housing grant	(358,275)	(292,928)	(276,707)	(258,878)	
Depreciation	(16,170)	(13,600)	(12,552)	(10,439)	
Other fixed assets	7,548	6,712	6,611	7,049	
Fixed assets	277,063	206,108	184,867	170,457	
Investments	303	(52)	60	20	
Net current assets	29,362	17,851	6,011	10,047	
Total assets less current liabilities	306,728	223,907	190,938	180,524	
Creditors due after more than one year	244,444	175,559	149,233	142,223	
Pension liability	38	121	-	-	
Negative goodwill reserve	5,131	-	-	-	
Revenue reserves	57,115	48,227	41,705	38,301	
	306,728	223,907	190,938	180,524	
Statistics					
Surplus for the year as % of turnover	6.8%	8.1%	7.9%	8.8%	
Interest Cover	166%	168%	168%	171%	
<i>(operating surplus, add back surplus/deficit on sale of property in normal course of business, add back depreciation, impairment and gift aid) / (net interest payable)</i>	35.6%	33.7%	30.7%	31.6%	
<i>(Total borrowings less cash at bank and in hand) / (Housing properties at cost less properties under construction less depreciation and impairment)</i>					

The 2008 figures have been restated for a change in shared ownership accounting policy as a result of the SORP. The figures for 2006 and 2007 have not been restated, but are adjusted through reserves.

The Group made an impairment charge of £0.3m in 2008/9 following an impairment review. £0.2m of the charge arises from the development of a scheme of 45 apartments for shared ownership (37 units) and outright sale (8 units) where the outright sale properties have not been sold due to market circumstances. Although these 8 properties have been successfully let on market rent terms, it is judged that their value has been permanently diminished. The remaining impairment is the result of compulsory purchase of three accommodation block by Rotherham NHS Trust.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing, maintaining and monitoring the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations and activities within the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the period commencing 1 April 2008 up to the date of approval of the report and financial statements. The Group is currently reviewing the way it undertakes the compilation of its risk register so that this process will be enhanced in future.

Key elements of the control framework include:

- approved terms of reference for the Board and delegated authorities for its committees and the executive team;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- a Group Audit Committee with clear terms of reference and delegated authority;
- a three year Internal audit programme delivered by an external provider;
- ongoing management review of key internal processes;
- Undertaking benchmarking and external review of performance and processes;
- robust strategic and business planning processes, with detailed financial budgets and forecasts, subject to external validation;
- formal recruitment, retention, induction, training and development policies for all staff;
- established risk assessment and appraisal procedures for all major new initiatives and development schemes;
- a sophisticated approach to treasury management which is subject to external review each year;
- regular reporting to the appropriate Board, Committee or Management team, on key business objectives, targets and outcomes;
- Board approved policies for staff conduct, whistle-blowing, and for dealing with fraud and misappropriation, covering prevention, detection and reporting of fraud, and the recovery of assets;
- a fraud register that is maintained and is regularly reviewed by the audit committee; and
- regular monitoring of loan covenants, cash flow requirements and future requirements for new loan facilities.

During the year there were a small number of unconnected minor frauds, both actual and attempted, all related to handling of cash. All of these instances were reported to the Group Audit Committee and also to the Housing Corporation/Tenant Services Authority where required. Cash handling procedures were reviewed and the revised procedures were then subjected to internal audit review.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the audit committee to regularly review the effectiveness of the system of internal control.

The Board has been assured by the audit committee that it has received a report regarding the effectiveness of the system of internal control for the association and its subsidiaries, and the annual report of the internal auditor, and that the committee has conducted its own review of the effectiveness of the systems currently in place.

The Board confirms that it is satisfied that there are ongoing processes in place to identify, evaluate, control and manage any significant risks faced by the organisation. These processes have been in place during the year under review, up to the date of the annual report and accounts and they are regularly reviewed by the Board.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom 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 Group and Association at the end of the year and of the surplus or deficit of the Group and Association for the year then ended.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by registered social landlords" (2008), subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (2008).

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

NHF Code of Governance

We are pleased to report that the Group complies with the principal recommendations of the NHF Code of Governance (revised).

During the year the Group has completed a review of Governance. As a result the Group has introduced Board payment and strengthened the arrangements for Board renewal, recruitment, development and appraisal;

Donations

During the years ended 31st March 2009 and 2008 the Group 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 Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. In particular, assurance is provided by the Group business plan which demonstrates that the Group has funding facilities in place that will last for three financial years. Therefore the Board continues to adopt the going concern basis in the financial statements.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Post balance sheet events

It is proposed that the Group will consolidate the activities of three of its members, Ashiana Housing Association, Space New Living and Manchester Methodist Housing Association by means of transfers of engagement to form a single housing Association to be known as Great Places Housing Association Limited (GPHA). As part of the preparation for this, a number of changes to the subsidiary Boards took place in June 2009.

Annual general meeting

The annual general meeting will be held on Thursday 10th September 2009 at Southerngate.

Disclosure of information to auditors

At the date of making this report each of the Association's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

External auditors

A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.

Statement of compliance

In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the SORP 2008.

The report of the Board was approved by the Board on 30th July 2009 and signed on its behalf by:



Phil Elvy
Company Secretary

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

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

We have audited the Group and Association financial statements of Great Places Housing Group Limited for the year ended 31 March 2009 on pages 16 to 57 which have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with regulations made under 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 auditors' 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 responsibilities of the board for preparing the report of the Board and 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 responsibilities of the board for the financial statements.

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 and Provident Societies Acts 1965 to 2002, 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, in our opinion, the report of the board is not consistent with the financial statements, if the association has not kept proper accounting records or maintained a satisfactory control over its transactions, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. The other information comprises only the operating and financial review and report of the board. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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
Year ended 31 March 2009

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and Association as at 31 March 2009 and of the surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 (as amended by the Housing Act 2004) and the Accounting Requirements for Registered Social Landlords General Determination 2006.



Grant Thornton UK LLP
Chartered Accountants
Registered Auditor
Manchester

10/8/09

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

	Note	2009 £'000	2008 Restated £'000
Turnover: Group and share of joint venture		63,449	58,507
Less: share of joint venture's turnover		(1,380)	(1,869)
Group Turnover	3	62,069	56,638
Operating costs	3	(49,172)	(44,323)
Operating surplus	4	12,897	12,315
Surplus on sale of fixed assets – housing properties	5	633	1,899
Share of operating profit of joint venture	15	65	77
Interest receivable	6	921	807
Interest payable and similar charges	7	(10,271)	(10,480)
Surplus on ordinary activities before taxation		4,245	4,618
Tax (charge)/credit on surplus on ordinary activities	9	(41)	(5)
Surplus for the financial year	25	4,204	4,613

All amounts relate to continuing activities.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 23 to 57 form part of these financial statements.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

	2009	2008
Note	£'000	£'000
Turnover	9,049	4,333
Operating costs	(9,025)	(4,287)
Operating surplus	24	46
Interest receivable and other income	6,600	1,720
Interest payable and similar charges	(6,579)	(1,718)
Surplus on ordinary activities before taxation	45	48
Tax on surplus on ordinary activities	(19)	(1)
Surplus for the financial year	26	47

All amounts relate to continuing activities.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 23 to 57 form part of these financial statements.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2009

	Group		Association	
	2009	2008	2009	2008
	£'000	Restated £'000	£'000	£'000
Total recognised surplus for the financial year	4,204	4,613	26	47
Amortisation of negative goodwill	(81)	-	-	-
Actuarial gain/(loss)	101	(101)	-	-
Transfer of engagements (note 32)	9,795	-	-	-
Total recognised surplus relating to the year	14,019	4,512	26	47
Prior year adjustment (note 32)	2,444			
Total recognised surpluses since the last report	<u>16,463</u>			

RECONCILIATION OF MOVEMENTS IN GROUP'S AND ASSOCIATION'S FUNDS

For the year ended 31 March 2009

	Group		Association	
	2009	2008	2009	2008
	£'000	Restated £'000	£'000	£'000
Opening funds as previously stated	45,783	41,705	53	6
Prior year adjustment (note 32)	2,444	2,010	-	-
Opening total funds as restated	<u>48,227</u>	<u>43,715</u>	<u>53</u>	<u>6</u>
Total recognised surpluses relating to the year	14,019	4,512	26	47
Closing total funds	<u>62,246</u>	<u>48,227</u>	<u>79</u>	<u>53</u>

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

CONSOLIDATED BALANCE SHEET


At 31 March 2009

	2009	2008
Note	£'000	Restated £'000
Intangible fixed assets		
Goodwill	-	16
Tangible fixed assets		
Housing properties at cost	643,960	505,908
Social housing grant	(358,275)	(292,928)
Depreciation and impairment	(16,170)	(13,600)
	<u>269,515</u>	<u>199,380</u>
Other tangible fixed assets	7,548	6,712
Total tangible fixed assets	<u>277,063</u>	<u>206,092</u>
Total fixed assets	<u>277,063</u>	<u>206,108</u>
Fixed Asset Investments		
Homebuy initiative	10,496	9,081
Less: Social Housing Grant	(10,203)	(9,143)
	<u>293</u>	<u>(62)</u>
Investment in joint venture:		
Share of gross assets	541	907
Share of gross liabilities	(531)	(897)
	<u>10</u>	<u>10</u>
Total Investments	<u>303</u>	<u>(52)</u>
Total Fixed Assets	<u>277,366</u>	<u>206,056</u>
Current assets		
Stock and work in progress	18,240	20,907
Debtors	16,803	6,881
Investments	7,100	4,000
Cash at bank and in hand	16,026	9,536
	<u>58,169</u>	<u>41,324</u>
Creditors: Amounts falling due within one year	<u>(28,807)</u>	<u>(23,473)</u>
Net current assets	<u>29,362</u>	<u>17,851</u>
Total assets less current liabilities	<u>306,728</u>	<u>223,907</u>
Creditors: Amounts falling due after more than one year	<u>244,444</u>	<u>175,559</u>
Net pension liability	38	121
	<u>244,482</u>	<u>175,680</u>
Capital and reserves		
Share capital	-	-
Negative goodwill reserve	5,131	-
Revenue reserve	57,115	48,227
	<u>62,246</u>	<u>48,227</u>
Consolidated funds	<u>306,728</u>	<u>223,907</u>

The notes on pages 23 to 57 form part of these financial statements.

The financial statements were approved by the Board on 30th July 2009 and signed on its behalf by:

Board member



Board member



Secretary



GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

ASSOCIATION BALANCE SHEET

At 31 March 2009

	2009	2008
	£'000	£'000
Note		
Other tangible fixed assets	14 1,294	748
	<u>1,294</u>	<u>748</u>
Current assets		
Debtors	17 190,469	118,135
Investments	18 7,100	-
Cash at bank and in hand	134	-
	<u>197,703</u>	<u>118,135</u>
Creditors: Amounts falling due within one year	19 (4,423)	(1,651)
	<u>193,280</u>	<u>116,484</u>
Net current assets/(liabilities)		
	<u>194,574</u>	<u>117,232</u>
Total assets less current liabilities		
	<u>194,495</u>	<u>117,179</u>
Creditors: Amounts falling due after more than one year	20	
	<u>194,495</u>	
Capital and reserves		
Share capital	24 -	-
Revenue reserve	25 79	53
	<u>79</u>	<u>53</u>
Association's funds		
	<u>194,574</u>	<u>117,232</u>

The notes on pages 23 to 57 form part of these financial statements.

The financial statements were approved by the Board on 30th July 2009 and signed on its behalf by:

Board member



Board member



Secretary



GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009 £000	2008 Restated £000
	Note	
Net cash inflow from operating activities	(i) 19,546	9,876
Returns on investments and servicing of finance		
Interest received	921	807
Interest paid	<u>(12,179)</u>	<u>(9,958)</u>
	(11,258)	(9,151)
Taxation paid		
Corporation tax paid	(85)	(18)
Transfer of engagements (note 33)	1,188	-
Capital expenditure		
Purchase and construction of housing properties	(86,310)	(55,692)
Social housing grant received	32,296	20,450
Sale of housing properties (net)	4,210	8,508
Purchase of other fixed assets	<u>(932)</u>	<u>(771)</u>
	(50,736)	(27,505)
Management of liquid resources		
Cash placed on fixed term deposit	(7,100)	-
Cash withdrawn from fixed term deposit	4,000	-
	<u>(3,100)</u>	<u>-</u>
Financing		
Loans received	77,243	119,753
Loans repaid	(25,242)	(91,727)
Property leases repaid	(302)	(1,724)
Debenture premium repaid	-	(1,230)
Loan issue costs incurred	<u>(672)</u>	<u>(966)</u>
	51,027	24,106
Increase/(decrease) in cash	(iii) 6,582	(2,692)

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009	2008
	£000	Restated £000
(i) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	12,897	11,921
Depreciation of tangible fixed assets	3,832	2,719
Amortisation of goodwill	(65)	3
Amortisation of issue costs	233	985
Income from joint venture	65	77
	<u>16,962</u>	<u>15,705</u>
Working capital movements		
Debtors	(1,537)	(3,363)
Creditors	1,454	2,696
Other movement	2,667	(5,162)
	<u>19,546</u>	<u>9,876</u>
Net cash inflow/(outflow) from operating activities	2009	2008
	£000	Restated £000

(ii) Reconciliation of net cash flow to movement in net debt			
(Increase)/decrease in cash	(6,582)	2,692	
Cash used to repay loans	(25,242)	(91,727)	
Cash received from loans	77,243	119,753	
Issue costs incurred	(672)	(966)	
Amortisation of issue costs	233	985	
Debtenture premium repaid	-	(1,230)	
Leases repaid	-	(1,724)	
Cash used to increase liquid resources	(3,100)	-	
Indexation	21	22	
Other non-cash movement	-	(10)	
Transfer of engagements	17,875	-	
Change in net debt	<u>59,474</u>	<u>27,795</u>	
Net debt at 1 April 2008	161,384	133,589	
Net debt at 31 March 2009	<u>220,858</u>	<u>161,384</u>	

(iii) Analysis of changes in net debt	At 1 April 2008	Cash Flows	Other Changes	At 31 March 2009
Cash and bank	£000	£000	£000	£000
Overdrafts	9,536	6,490	-	16,026
	(92)	92	-	-
	<u>9,444</u>	<u>6,582</u>	<u>-</u>	<u>16,026</u>
Debt	(173,652)	(51,329)	(18,129)	(243,110)
Finance leases	(1,176)	302	-	(874)
	(174,828)	(51,027)	(18,129)	(243,984)
Current asset investments	4,000	3,100	-	7,100
	(161,384)	(41,345)	(18,129)	(220,858)

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

1. Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is registered with the TSA as a registered social landlord.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by registered social landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006.

The prior period adjustment principally reflects a change in the accounting policy for shared ownership first tranche sales under SORP 2008. The effect of the change is shown in more detail in note 32. The adjustment also reflects the correction of prior year errors relating to loan arrangement fees and finance lease accounting.

Basis of consolidation

The group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March using merger accounting. Intra group transactions are eliminated on consolidation.

Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Taxation

The Association 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. Gift aid payments are made to minimise any corporation tax liability.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

2. Accounting policies (continued)

Value added tax

The Group are registered for value added tax (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 is fully recoverable.

Interest payable

Interest is capitalised on borrowings to finance developments up to the date of practical completion if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) interest on borrowings of the association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

Pensions

The Group participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS), Pension Trust Growth Plan (PTGP) and the Local Government Pension Scheme (LGPS) administered by the South Yorkshire Pension Authority (SYPA).defined benefit pension scheme.

For the SHPS and PTGP schemes, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

For the LGPS, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Supporting People Income and Expenditure

This income includes charges for support services funded under Supporting People and is recognised as it falls due under the contractual arrangements with Administering Authorities.

Pre-contract costs

Costs incurred in bidding for and securing contracts for the supply of products and services under the Private Finance Initiative are recognised as expenses when incurred up to the date of announcement of preferred bidder. Where the group is successful in attaining preferred bidder status, those costs that are incurred after attaining preferred bidder status and are directly attributable to the contract are recognised as an asset.

Housing properties

Housing properties are principally properties which are available for rent and are stated at cost less social housing and similar grant and depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

2. Accounting Policies (continued)

Housing properties (continued)

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as a fixed asset and including in housing properties at cost, less any provisions needed for depreciation or impairment.

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

Social housing grant

Social housing grant (SHG) is receivable from the HCA (formerly from the Housing Corporation) and is utilised to reduce the capital cost of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable at a rate of 1% - 2% per annum.

Properties held under leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Negative Goodwill

In accordance with the requirement of the Statement of Recognised Practice: Accounting by Registered Social Landlords issued in January 2008 (SORP 2008), negative goodwill has been calculated as the shortfall of the cost of the acquired housing stock over the aggregate Existing Use Valuation – Social Housing of the acquired housing stock, and is disclosed separately on the face of the balance sheet within the ‘capital and reserves’ section. The Board estimated the useful economic life to be that of the related housing stock and it is over that remaining period that the negative goodwill is written back to the income and expenditure account on a straight line basis to match the period in which the association expects to benefit from the acquired housing stock. In the event of asset disposals and impairment, a proportion of the negative goodwill is recognised in the period in which the disposal occurs.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

2. Accounting policies (continued)

Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged before arriving at operating surplus.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Other tangible fixed assets

Other fixed assets are initially recognised at cost. Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold and leasehold office property	1.67% - 2%
Office equipment, fixtures and fittings	10 - 25%
Scheme fixtures and fittings	33.33%
Computer and similar equipment	25%
Motor vehicles	25%
Leasehold office improvements	over term of lease

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group'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 in proportion to the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the income and expenditure account as incurred.

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. Following a review in the year the remaining balance of the goodwill was fully written off.

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 to the Group. The loans are financed by an equal amount of SHG.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

2. Accounting policies (continued)

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 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 expenditure to the extent that they are passed to the agent.

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.

Provisions

The Group only provides for contractual liabilities.

Service charge sinking funds

Service charge sinking funds are held on the balance sheet in creditors.

Forfeited/cancelled shares

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

Loan issue costs

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the income and expenditure account on a straight line basis over the term of the loan.

NOTES TO THE FINANCIAL STATEMENTS

3 Turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

GROUP

	2009				2008	
	General needs housing	Supported housing and housing for older people	Key worker housing	Low cost home ownership	Restated Total	
	£'000	£'000	£'000	£'000	£'000	
Rent receivable net of identifiable service charges	31,879	3,402	1,348	1,410	38,039	33,824
Service charge income	1,502	2,504	13	8	4,027	3,907
Charges for support services	-	593	-	-	593	516
Net rental income	33,381	6,499	1,361	1,418	42,659	38,247
Other HCA revenue grants	2,002	-	-	-	2,002	921
Other revenue grants	95	200	75	-	370	409
Turnover from social housing lettings	35,478	6,699	1,436	1,418	45,031	39,577
Management	(7,225)	(2,719)	(255)	(11)	(10,210)	(9,701)
Services	(3,098)	(1,818)	(718)	(17)	(5,651)	(4,230)
Routine maintenance	(7,540)	(1,091)	(242)	(2)	(8,875)	(7,379)
Planned maintenance	(536)	(56)	(52)	-	(644)	(1,114)
Major repairs expenditure	(5,177)	(316)	(83)	-	(5,576)	(3,556)
Bad debts	(250)	(128)	(14)	(17)	(409)	(437)
Property lease charges	(211)	-	-	-	(211)	(205)
Depreciation of housing properties	(1,116)	(103)	(150)	(121)	(1,490)	(1,803)
Depreciation of leased properties	(84)	-	-	-	(84)	(189)
Impairment of housing properties	-	-	(55)	-	(55)	-
Other costs	(857)	(115)	-	(9)	(981)	(203)
Operating costs on social housing lettings	(26,094)	(6,346)	(1,569)	(177)	(34,186)	(28,817)
Operating surplus/(deficit) on social housing lettings	9,384	353	(133)	1,241	10,845	10,760
Void losses	335	315	361	-	1,011	946

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

4. Operating surplus

This is arrived at after charging/(crediting):

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Depreciation of housing properties	2,438	1,882	-	-
Depreciation of leased properties	84	189	-	-
Impairment of general needs housing properties	219	-	-	-
Impairment of keyworker housing properties	55	-	-	-
Depreciation of other tangible fixed assets	1,036	651	294	114
Amortisation of goodwill	(65)	3	-	-
(Surplus) on disposal of other tangible fixed assets	-	(15)	-	-
Operating lease rentals	-	70	-	-
- office equipment	-	-	-	-
Auditors' remuneration (including VAT)	61	60	6	12
- for audit of the financial statements	-	-	-	-
- for other services relating to taxation	7	48	2	10

5. Surplus on sale of fixed assets – housing properties

	Group		Association	
	2009 £'000	2008 Restated £'000	2009 £'000	2008 £'000
Disposal proceeds	6,445	6,336	-	-
Carrying value of fixed assets	(5,812)	(4,437)	-	-
	633	1,899	-	-

6. Interest receivable and other income

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Interest receivable and similar income	921	807	20	8
Loan interest recharged to group companies	-	-	6,580	1,712
	921	807	6,600	1,720

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

7. Interest payable and similar charges

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Finance leases	57	233	-	-
Loans and bank overdrafts	11,744	11,873	6,579	-
Intercompany loans	-	-	-	1,718
Interest payable capitalised on housing properties under construction	11,801	12,106	6,579	1,718
	(1,530)	(1,626)	-	-
	<u>10,271</u>	<u>10,480</u>	<u>6,579</u>	<u>1,718</u>

Capitalised interest charged at rates of 2.58% (receivable) and 4.54% (payable)

8. Gift aid

A gift aid payment of £502,000 was made by Plumlife Homes Limited to Manchester Methodist Housing Association on 31st March 2009. This is eliminated on consolidation.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

	Group		Association	
	2009	2008	2009	2008
	£'000	Restated £'000	£'000	£'000
9. Tax on surplus on ordinary activities				
Current tax				
UK corporation tax charge for year	41	29	19	1
Over provision in previous years	-	(24)	-	-
	41	5	19	1
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
	41	5	19	1
Current tax reconciliation				
Surplus on ordinary activities	4,245	4,218	45	48
Less: exempt due to charitable status of subsidiary association	(3,784)	(4,035)	-	-
	461	183	45	48
Whereon corporation tax at the standard rate of 28% (2008: 30%)	130	55	13	14
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	14	19	7	11
Income not taxable for tax purposes – fixed assets	(79)	-	-	-
Chargeable gains	19	-	-	-
Tax credits	(2)	-	-	-
Indexation on disposal of property	-	(6)	-	-
Utilisation of tax losses and other deductions	(42)	(12)	-	-
Other short term timing differences	13	-	8	-
Adjustments to tax charge in respect of previous periods	-	(24)	(2)	-
Marginal relief	(4)	(3)	(2)	-
Capital allowances in excess of depreciation	(8)	(24)	(7)	(24)
Current tax charge	41	5	19	1

Factors that may affect future tax charges

No deferred tax asset is recognised on the group's DVI losses. The amount unprovided for is £21,582 (2008: £20,863). The losses would only be relieved if the group was to make surpluses on its DVI activities.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

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 and Space New Living are paid by those Associations.

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Emolument of the Association's directors including pension contributions	532	497	532	497
Emoluments of the Chief Executive, who was also the highest paid director, excluding pension contributions	154	146	154	146

Other than to the Chief Executive who was remunerated solely in respect of the performance of his duties as Chief Executive, the amounts above include emoluments which were paid to other members of the Great Places Board and its subsidiary boards during the year of £21,000 (2008: £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 £20,372 (2008: £19,319) was paid by the employer in addition to those made by the Chief Executive himself.

11. Employees

Average monthly number of employees expressed in full time equivalents:

	Group		Association	
	2009	2008	2009	2008
	No.	No.	No.	No.
Administration	83	65	75	59
Development	46	37	46	1
Housing, support and care	371	389	3	-
	500	491	124	60

Employee costs:

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Wages and salaries	12,514	11,186	4,329	1,691
Social security costs	1,062	957	382	196
Other pension costs	883	843	395	233
	14,459	12,986	5,106	2,120

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

a) Social Housing Pension Scheme (Group and association)

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 1/60th accrual rate until March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings with a 1/60th 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 1/60th accrual rate benefit structure for active members as at 31st March 2007 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1st 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.

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 236 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £883,000. 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 consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. 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 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

a) Social Housing Pension Scheme (Group and association)

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	<u>% p.a.</u>
Valuation Discount Rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1%pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%pa.

The long-term joint contribution rates that will apply from April 2010 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 th accrual rate	17.8
Final salary with 1/70 th accrual rate	15.4
Career average revalued earnings with a 1/60 th accrual rate	14.9

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 £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. 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.

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)
a) Social Housing Pension Scheme (Group and association)

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.

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. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.

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 30 September 2008. As of this date the estimated employer debt for the Group was £31,113,000.

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

b) Pension Trust's Growth Plan (Group and association)

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 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.

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.

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 member contributions rate are at their own choosing.

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. The Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from the total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and will be formalised shortly. The valuation of the Scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 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%.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)
b) Pension Trust's Growth Plan (Group and association)

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	<u>% p.a.</u>
Investment return pre retirement	7.6
Investment return post retirement	
- Actives/Deferreds	5.1
- Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

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 (as at 30 September 2008) will be cleared within 10 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 8.4% per annum pre retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

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). A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Pensions Regulator in due course.

The next full valuation will be carried out as at 30 September 2011.

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.

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

b) Pension Trust's Growth Plan (Group and association)

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

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

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2008. As of this date the estimated employer debt for the Group was £106,703.

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

The Group participates in the Local Government Pension Scheme (LGPS) administered by South Yorkshire Pensions Authority (SYPA), a defined benefit multi-employer benefit scheme administered under the Regulations governing the Local Government Pension Scheme. At 31st March 2009 there were 12 active members of the Scheme employed by the association.

The Group's contribution to the LGPS for the year ended 31st March 2009 were £23,000 (2008: £21,000) 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 31st March 2007 and supplementary figures were provided for 31st March 2009 by a qualified independent actuary.

Financial Assumptions:

In calculating the scheme assets and liabilities, the fund actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible outcomes will differ from those indicated.

The main assumptions used by the actuary were:

	As at 31/03/09	As at 31/03/08
Rate of increase in salaries	4.8%	5.1%
Discount rate for scheme liabilities	7.1%	6.1%
Rate of increase in pensions	3.3%	3.6%
Inflation	3.3%	3.6%

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

- 11. Employees (continued)**
c) Local Government Pension Scheme administered by South Yorkshire Pensions Authority (Group)

Mortality Assumptions:

The post retirement mortality assumptions used to value the benefit obligation are based on the PA92. Based on these assumptions the average future life expectations at age 65 are summarised below:

	Males	Females
Current pensioners	20.3	23.1
Future pensioners	21.3	24.0

Amounts recognised in the balance sheet:

Present value of funded obligations	2009	2008
Fair value of plan assets	£'000	£'000
Net liability	(463)	(592)
	425	471
	(38)	(121)

Analysis of the amount charged to the income and expenditure account:

Current service cost	2009	2008
Past service cost	£'000	£'000
Expected return on pension scheme assets	35	32
Interest on pension scheme liabilities	-	9
	(32)	(28)
Total operating charge	38	28
	41	41

£41k (2008: £41k) was charged to the operating surplus and £6k (2008: nil) was charged to interest payable.

Changes in present value of defined benefit obligation:

Opening defined benefit obligation	2009	2008
Service cost	£'000	£'000
Past service cost	(592)	-
Interest on pension liabilities	(35)	(32)
Actuarial gains/(losses) on liabilities	-	(9)
Member contributions	(38)	(28)
Business combination	219	36
	(17)	(15)
	-	(544)
Closing defined benefit obligation	(463)	(592)

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

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

Changes in fair value of plan assets:				
Opening fair value of plan assets	2009	2008		
Expected return on plan assets	£'000	£'000	£'000	£'000
Actuarial gains/(losses) on assets	471	-		
Employer contributions	32	28		
Member contributions	(118)	(37)		
Business combination	23	21		
	17	15		
	-	444		
Closing defined benefit obligation	425	471		

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

(Deficit) in the fund at the beginning of year	As at 31/03/09	As at 31/03/08
Movement in year:	£'000	£'000
Current service costs	(121)	-
Employer contributions	(35)	(32)
Past service costs	23	21
Net return on assets	-	(9)
Actuarial gain/(loss)	(6)	-
(Deficit) at end of year	101	(101)
	(38)	(121)

Major categories of plan assets as a percentage of total plan assets

	31/03/09	31/03/08
£'000	£'000	£'000
Equities	254	296
Government Bonds	73	72
Other Bonds	32	35
Property	45	54
Cash/Liquidity	21	14
Total	425	471
	100.0%	100.0%

Analysis of amounts recognised in Statement of Total Recognised Gains and Losses

	2009	2008
£'000	£'000	£'000
Actuarial gains/(losses)	101	(101)
Cumulative actuarial gains and losses	-	(101)
Actuarial return on plan assets	(85)	(10)

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

	2009	2008	2007	2006	2005
£'000	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(463)	(592)	-	-	-
Fair value of scheme assets	425	471	-	-	-
Surplus/(deficit) on scheme	(38)	(121)	-	-	-
Experience gains/(losses) on liabilities	(118)	(37)	-	-	-
Experience gains/(losses) on assets	-	9	-	-	-

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

**12. Intangible fixed assets – goodwill
 GROUP**

	Total £'000
Cost	
At 1 April 2008	19
Additions	-
Disposals	(19)
At 31 March 2009	-
Depreciation	
At 1 April 2008	3
Charged in year	16
Disposals	(19)
At 31 March 2009	-
Net book value	
At 31 March 2009	-
At 31 March 2008	16

The goodwill arose in the financial year to March 2008 when Plumlife Homes Limited purchased the management of 18 schemes from RDHS Limited. Following a review during the year it was decided the remaining balance on goodwill, which is not considered material in a group context, should be written down to nil.

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible fixed assets – housing properties

Housing properties	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Total housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost							
At 1 April 2008 restated (note 32)	442,344	5,283	447,627	16,727	30,022	11,532	505,908
Additions	40,679	1,960	42,639	15,343	8,991	4,927	71,900
Transfer of engagements	43,262	807	44,069	447	6,261	1,788	52,565
Works to existing properties	16,005	-	16,005	-	-	-	16,005
Interest capitalised	-	-	-	403	-	1,104	1,507
Schemes completed	12,200	-	12,200	(12,200)	12,776	(12,776)	-
Disposals	(2,858)	-	(2,858)	-	(1,067)	-	(3,925)
At 31 March 2009	<u>551,632</u>	<u>8,050</u>	<u>559,682</u>	<u>20,720</u>	<u>56,983</u>	<u>6,575</u>	<u>643,960</u>
Social housing grant							
At 1 April 2008 restated (note 32)	266,157	1,237	267,394	8,753	12,207	4,574	292,928
Additions	21,990	-	21,990	7,816	7,592	3,186	40,584
Transfer of engagements	23,859	-	23,859	297	1,807	385	26,348
Schemes completed	4,141	-	4,141	(4,141)	3,983	(3,983)	-
Disposals	(1,328)	-	(1,328)	-	(257)	-	(1,585)
At 31 March 2009	<u>314,819</u>	<u>1,237</u>	<u>316,056</u>	<u>12,725</u>	<u>25,332</u>	<u>4,162</u>	<u>358,275</u>
Depreciation and impairment							
At 1 April 2008 restated (note 32)	13,365	155	13,520	-	80	-	13,600
Charged in year	2,104	288	2,392	-	130	-	2,522
Impairment	274	-	274	-	-	-	274
Released on disposal	(227)	-	(227)	-	1	-	(226)
At 31 March 2009	<u>15,516</u>	<u>443</u>	<u>15,959</u>	<u>-</u>	<u>211</u>	<u>-</u>	<u>16,170</u>
Net book value							
At 31 March 2009	<u>221,297</u>	<u>6,370</u>	<u>227,667</u>	<u>7,995</u>	<u>31,440</u>	<u>2,413</u>	<u>269,515</u>
At 31 March 2008 restated (note 32)	<u>162,822</u>	<u>3,891</u>	<u>166,713</u>	<u>7,974</u>	<u>17,735</u>	<u>6,958</u>	<u>199,380</u>

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible fixed assets – properties (continued)

GROUP

Expenditure to works on existing properties

	2009	2008
	£'000	£'000
Amounts capitalised	16,005	6,938
Amounts charged to income and expenditure account	5,576	3,556
	<u>21,581</u>	<u>10,494</u>

Social housing grant

Total accumulated SHG receivable at 31 March was

Capital grants	358,275	292,928
Revenue grants	18,518	16,933
	<u>376,793</u>	<u>309,861</u>

Housing properties comprises:

Freehold land and buildings	235,901	160,447
Long leasehold land and buildings	33,614	38,933
	<u>269,515</u>	<u>199,380</u>

The net book value of housing properties assets includes £4,215,000 (2008: £4,353,000) in respect of properties held under finance leases. Depreciation charged in the year on these assets amounted to £86,000 (2008: £86,000).

Impairment

An impairment provision of £219,000 was made in March 2009 to reduce the carrying value of certain properties to their value in use, being the estimated recoverable amount. In addition an impairment provision was made of £55,000 against one Keyworker scheme as a result of proposed redevelopment work to be undertaken by the NHS Trust.

ASSOCIATION

The Association has no housing property assets.

NOTES TO THE FINANCIAL STATEMENTS

14. Tangible fixed assets – other

GROUP

	Leasehold improvements	Freehold offices	Furniture and equipment	Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2008	384	5,554	791	1,830	60	8,619
Additions	-	92	-	840	-	932
Transfer of engagements	-	877	294	84	-	1,255
Disposals	-	-	(545)	(1,060)	-	(1,605)
At 31 March 2009	384	6,523	540	1,694	60	9,201
Depreciation						
At 1 April 2008	262	388	511	734	12	1,907
Charged in year	34	45	282	660	15	1,036
Transfer of engagements	-	50	181	84	-	315
Released on disposal	-	-	(545)	(1,060)	-	(1,605)
At 31 March 2009	296	483	429	418	27	1,653
Net book value						
At 31 March 2009	88	6,040	111	1,276	33	7,548
At 31 March 2008	122	5,166	280	1,096	48	6,712

The net book value of other tangible fixed assets includes £27,000 (2008: £98,000) in respect of assets held under finance leases. Depreciation charged in the year on these assets amounted to £71,000 (2008: £64,000).

GREAT PLACES HOUSING GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

14. Tangible fixed assets – other (continued)
ASSOCIATION

	Computers £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2008	854	25	879
Additions	840	-	840
At 31 March 2009	1,694	25	1,719
Depreciation			
At 1 April 2008	130	1	131
Charge for the year	288	6	294
At 31 March 2009	418	7	425
Net book value			
At 31 March 2009	1,276	18	1,294
At 31 March 2008	724	24	748

15. Investment in joint venture

	Group 2009 £'000	2008 £'000	Association 2009 £'000	2008 £'000
Investment in joint venture	10	10	-	-

The above investment is in Reviva Urban Renewal Limited, a company which the 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 Inwell Valley Housing Association. Reviva Urban Renewal Limited made a profit of £nil for the period, the Group's share of which is £nil. Reviva Urban Renewal declared a gift aid payment of £195,568 in the year of which Manchester Methodist Housing will receive one third.

16. Stock and work in progress

	Group 2009 £'000	2008 Restated £'000	Association 2009 £'000	2008 £'000
Shared ownership properties for sale				
- completed	6,856	2,152	-	-
- under construction	5,119	11,510	-	-
Other properties for sale				
- completed	1,042	5,748	-	-
- under construction	3,937	263	-	-
Work in progress	1,286	1,234	-	-
	<u>18,240</u>	<u>20,907</u>	<u>-</u>	<u>-</u>

GREAT PLACES HOUSING GROUP LIMITED
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17. Debtors

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	5,005	4,296	-	-
Less: Provision for bad and doubtful debts	(2,143)	(1,760)	-	-
	2,862	2,536	-	-
Due from subsidiary undertakings				
Trade debtors	1,911	2,011	2,340	441
Social housing grant receivable	8,159	-	73	-
Other debtors	3,227	1,837	170	30
Prepayments and accrued income	622	487	474	407
	16,781	6,871	3,057	878
Due after more than one year				
Due from subsidiary undertakings	-	-	187,395	117,253
Other debtors	22	10	17	4
	22	10	187,412	117,257
	16,803	6,881	190,469	118,135

18. Current asset investments

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Other Investments	7,100	4,000	7,100	-

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 Group is required to place cash in designated interest bearing bank accounts charged to THFC. The balance of these accounts at 31 March 2009 and included above was £nil (2008: £4,000,000).

The Group arranged a temporary £10m unsecured loan facility with Barclays Bank of which at 31 March 2009, £7.1m had not yet been secured by fixed charge over property, the Group is required to place cash in a designated interest bearing bank account charged to Barclays Bank.

GREAT PLACES HOUSING GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

19. Creditors: amounts falling due within one year

	Group		Association	
	2009	2008	2009	2008
Bank overdraft	£'000	Restated £'000	£'000	£'000
Debt (note 21)	-	92	-	92
Obligations under finance leases (note 21)	1,324	1,447	-	-
Trade creditors	65	65	-	-
Rent and service charges received in advance	2,623	1,952	292	114
Social housing grant received in advance	2,976	2,465	-	-
Amounts owed to group undertaking	5,907	3,535	-	-
Recycled capital grant fund (note 22)	-	-	2,793	377
Disposal proceeds fund (note 23)	1,546	845	-	-
Corporation tax	335	249	-	-
Other taxation and social security	41	35	19	1
Leaseholder sinking funds	471	321	253	82
Other creditors	699	612	-	-
Accruals and deferred income	2,129	4,662	773	667
	10,691	7,193	293	318
	<u>28,807</u>	<u>23,473</u>	<u>4,423</u>	<u>1,651</u>

Cash balances totalling £699,000 (2008: £612,000) are held in trust for leaseholders.

20. Creditors: amounts falling due after more than one year

	Group		Association	
	2009	2008	2009	2008
Debt (note 21)	£'000	Restated £'000	£'000	£'000
Obligations under finance leases (note 21)	241,786	172,205	194,495	117,179
Recycled capital grant fund (note 22)	809	1,111	-	-
Disposal proceeds fund (note 23)	1,062	1,670	-	-
Other creditors	754	535	-	-
Accruals and deferred income	33	33	-	-
	-	5	-	-
	<u>244,444</u>	<u>175,559</u>	<u>194,495</u>	<u>117,179</u>

21. Debt analysis

	Group		Association	
	2009	2008	2009	2008
a) Loans are repayable as follows:	£'000	£'000	£'000	£'000
Due within one year	1,408	1,517	-	-
Between one and two years	1,418	1,467	-	-
Between two and five years	4,391	4,701	-	-
After five years	238,461	167,966	194,495	117,253
	245,678	175,651	194,495	117,253
Less: Loan arrangement fees	(2,568)	(1,999)	-	(74)
	<u>243,110</u>	<u>173,652</u>	<u>194,495</u>	<u>117,179</u>

GREAT PLACES HOUSING GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

21. Debt analysis (continued)	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
b) Obligations under finance leases:				
Due within one year	65	65	-	-
Between one and two years	65	65	-	-
Between two and five years	195	195	-	-
After five years	549	851	-	-
	<u>874</u>	<u>1,176</u>	<u>-</u>	<u>-</u>

c) Debenture stocks

Included in the loan balances above are the following balances:

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
THFC (Indexed 2) Ltd. - 5.5% Index-linked stock, 2024 Balance as at 31 March	599	610	-	-
THFC Ltd - 11.5% Debenture stock, 2016 Balance as at 31 March	1,500	1,500	-	-
8.625% Debenture stock, 2023 Balance as at 31 March	<u>750</u>	<u>750</u>	<u>-</u>	<u>-</u>

Fresh PLC, building society, bank and debenture loans are secured by fixed charges over individual properties.

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

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%.

In December 2007, Great Places Housing 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 Housing 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 19th 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 20th 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%.

GREAT PLACES HOUSING GROUP LIMITED
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22. Recycled capital grant fund

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 April	2,515	2,468	-	-
Grants recycled	928	1,511	-	-
Interest accrued	89	159	-	-
Transfer of engagements	5	-	-	-
Development of properties	(650)	(1,051)	-	-
Major repairs and works to existing stock	(279)	(225)	-	-
Other	-	(347)	-	-
At 31 March	2,608	2,515	-	-

23. Disposal proceeds fund

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 April	784	572	-	-
Grants recycled	535	496	-	-
Interest accrued	30	38	-	-
Development of properties	(260)	(322)	-	-
At 31 March	1,089	784	-	-

24. Share capital

	2009 £	2008 £
Shares of £1 each fully paid		
At 1 April	9	11
Shares issued during the year	5	-
Shares surrendered during the year	(4)	(2)
At 31 March	10	9

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

GREAT PLACES HOUSING GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

25. Reserves Group	Negative Goodwill Reserve		Revenue Reserves		Total Reserves
	£'000		£'000		£'000
At 1 April 2008 as previously stated	-	-	45,783	45,783	45,783
Prior year adjustment (note 32)	-	-	2,444	2,444	2,444
At 1 April 2008 as restated	-	-	48,227	48,227	48,227
Surplus for the year	-	-	4,204	4,204	4,204
Actuarial surplus on pension scheme	-	-	101	101	101
Amortisation of negative goodwill	(81)	-	-	(81)	(81)
Transfer of engagements (note 33)	5,212	4,583	4,583	9,795	9,795
At 31 March 2009	5,131	57,115	62,246	62,246	62,246

Association	Revenue Reserves
	£'000
At 1 April 2008	53
Surplus for the year	26
At 31 March 2009	79

26. Financial commitments

a) Capital expenditure commitments were as follows:	Group		Association	
	2009	2008	2009	2008
	£'000		£'000	
Expenditure contracted for but not provided in the accounts	53,657	63,191	-	-
Expenditure authorised by the board, but not contracted	58,714	120,485	-	-
	112,371	183,676	-	-

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

b) Operating leases:
The payments which the group and association is committed to make in the next year under operating leases are as follows:

	Group		Association	
	2009	2008	2009	2008
	£'000		£'000	
Other:				
Within one year	38	28	38	28
One to five years	41	42	41	42
	79	70	79	70

GREAT PLACES HOUSING GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

27. Contingent liabilities

The Group and Association had no contingent liabilities at 31 March 2009 (2008: £nil).

28. Related parties

The Great Places Board had one tenant Board member until their resignation on the 10th September 2008. Two more tenant Board members were appointed on the 4th June 2009; 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.

29. Accommodation in management and development

Group and association

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group		Association	
	2009 No.	2008 No.	2009 No.	2008 No.
General housing	9,972	8,810	-	-
Supported housing	1,470	1,360	-	-
Key worker housing	485	485	-	-
Low cost home ownership	1,069	805	-	-
Total owned	12,996	11,460	-	-
Accommodation managed for others	1,785	2,398	-	-
Total managed	14,781	13,858	-	-
Accommodation in development at the year end	556	580	-	-

30. Accommodation managed by others

Group and Association

At the end of the year accommodation owned by the Group and Association but managed by others on its behalf was as follows:

	Group		Association	
	2009 No.	2008 No.	2009 No.	2008 No.
Housing accommodation	168	127	-	-

GREAT PLACES HOUSING GROUP LIMITED
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31. Group structure

Great Places Housing Group Limited (the "Association") is the parent entity and controlling party of a group with the following subsidiaries:

Plumlife Homes Limited	
North West Methodist Homes	
Plumlife Limited	
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%
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.

32. Prior year adjustment - Group

The prior year adjustment principally reflects the change in accounting for shared ownership first tranche sales in accordance with SORP 2008. The previous SORP recommended that first tranche sale proceeds should be credited against shared ownership housing properties classified as fixed assets.

The SORP 2008 treatment requires an appropriate proportion of development costs representing first tranche development to be accounted for as current assets and the related sales proceeds shown in turnover. The remaining proportion of property development costs are accounted for as fixed assets with any subsequent sale treated as a disposal of the fixed asset.

The effect of the change in accounting policy is an increase in the group's turnover for the year ending 31 March 2008 of £8,628k, and an increase in the cost of sales of £7,677k with a consequent increase in surplus before tax of £951k.

A prior year adjustment was required to write down loan arrangement fees in a group subsidiary on a loan repaid in the previous year. The impact of this was to increase the loan creditor and decrease reserves by £394k.

In addition a prior year adjustment was required to correct the treatment of housing properties in two group subsidiaries which were held under a finance lease, the overall impact was a decrease in reserves of £123k.

The cumulative effect on reserves is an increase of £2,444k.

GREAT PLACES HOUSING GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

32. Prior year adjustment - Group (continued)

	Cumulative prior year adjustment to 31 March 2007 £'000	Prior year adjustment for 2007/08 £'000	Cumulative prior year adjustment to 31 March 2008 £'000
Shared ownership first tranche sales			
Turnover – proceeds of first tranche sales	27,970	8,628	36,598
Cost of Sales	(25,960)	(7,677)	(33,637)
Surplus	2,010	951	2,961
Revenue reserves			
Revenue reserves as at 31 March as previously stated	41,705		45,783
Add: surplus on first tranche shared ownership sales	2,010	951	2,961
Less: amortisation of loan fees	-	(394)	(394)
Less: finance lease adjustment	-	(123)	(123)
Revenue reserves at 31 March as restated	43,715		48,227

The prior year adjustment to the current asset balances for the group for the year ended 31 March 2008 is an increase of £12,087k, being the transfer of the shared ownership first tranche proportion from fixed assets to current assets.

The impact of the adjustment on completed shared ownership properties within the housing property balances is shown below:

	Cumulative prior year adjustment to 31 March 2007 £'000	Prior year adjustment for 2007/08 £'000	Cumulative prior year adjustment to 31 March 2008 £'000
Tangible fixed assets - properties			
Cost			
At 31 March as previously stated	467,515		516,757
Add: accumulated first tranche surpluses from prior years	1,921	948	2,869
Less: first tranche amounts held as current assets	(1,630)	(12,087)	(13,717)
Less: finance lease adjustment	161	-	161
Less: acquisition price adjustment	-	(162)	(162)
At 31 March as restated	467,967		505,908
Grant			
At 31 March as previously stated	276,707	-	292,830
Less: finance lease adjustment	98	-	98
At 31 March as restated	276,805	-	292,928
Depreciation			
At 31 March as previously stated	12,552	(3)	13,711
Less: depreciation adjustment	(89)	(3)	(92)
Less: finance lease adjustment	(49)	30	(19)
At 31 March as restated	12,414		13,600

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33. Transfer of engagements

On the 31 May 2008 Manchester Methodist Housing Association, a subsidiary of Great Places Housing Group Limited, accepted a transfer of engagements from Windmill Housing Association Limited. In accordance with the principles of SORP 2008 (ie an unrelated stock transfer), the housing properties were deemed to be transferred in at their EUV-SH value. The difference between this and their previously recorded net book value is treated as negative goodwill. The fair value of the balance sheet at that date were as follows:

	Windmill at 31/5/08 £'000	Fair Value Adjustment £'000	Total £'000
Tangible fixed assets			
Housing properties at cost	48,257	(22,847)	25,410
Social housing grant	(26,348)	26,348	-
Depreciation and impairment	(1,711)	1,711	-
	20,198	5,212	25,410
Other tangible fixed assets	1,747	-	1,747
Total tangible fixed assets	21,945	5,212	27,157
Current assets			
Debtors	226	-	226
Cash at bank and in hand	1,188	-	1,188
	1,414	-	1,414
Creditors: Amounts falling due within one year	(1,095)	-	(1,095)
Net current assets	319	-	319
Total assets less current liabilities	22,264	5,212	27,476
Creditors: Amounts falling due after more than one year	17,681	-	17,681
Capital and reserves			
Share capital	-	-	-
Revenue reserve	4,338	245	4,583
Restricted charitable reserve	245	(245)	-
Negative goodwill	-	5,212	5,212
Association's funds	4,583	5,212	9,795
	22,264	5,212	27,476

NOTES TO THE FINANCIAL STATEMENTS

34. Stock Transfer Obligations – Wybourn and Richmond Park Estates

Immediately prior to entering into the Stock Transfer Agreement between Sheffield City Council ("the Council") and Manchester Methodist Housing Association Limited ("the Company"), the Council and Company entered into a contract for the Company to perform the refurbishment works required to bring the properties into an agreed state. The contract was for a fixed sum equal to the expected cost of the works i.e. £53.6m. At transfer the Company contracted with the Council to acquire the benefit of the agreed refurbishment works (£53.6m) plus the housing properties at a price equal to the agreed value of the property in its unenhanced condition (£Nil). The nature of the works under the initial agreement was specified and a right of set off exists between the contracts. These contracts have enabled the Company to recover VAT on repair/improvement costs that would otherwise have been expensed.

At the time of the transfer the Company paid over no cash to the Council for the acquisition of the properties in their unenhanced condition being the value of the Council's obligation to carry out the refurbishment works (£53.6m), less the amount due to be incurred by the Company under the Development Agreement in relation to the anticipated cost of the repairs/improvements (£53.6m).

The impact of these two transactions is that whilst the Council has a legal obligation to the Company to complete the refurbishment works, this work has been contracted back to the Company who are also legally obligated. The underlying substance of the transaction is therefore that the Company has acquired the properties in their existing condition at their agreed value, and will complete certain repairs/improvements in line with guarantees to Tenants of not less than £53.6m. In the opinion of the board members, the commercial effect of these transactions when viewed as a whole does not, in practice, create separate assets and liabilities for reporting purposes. Therefore, in accordance with FRS 5 the resulting debit and credit balances, relating to the legal obligation of the Council to complete the refurbishment works for the Company and the equal and opposite legal obligation of the Company to perform the refurbishment works for the Council, have been offset and are not recorded in the balance sheet.

At 31 March 2009 £20.5 million (2008: £6.4 million) of the refurbishment works had been completed.