

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 2010**

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

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GREAT PLACES HOUSING GROUP LIMITED
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ASSOCIATION INFORMATION

Board

Chairman E. Stott
Deputy Chairman L. Hansen
Other Members A. Beeput (appointed 4/6/09)
T. Butt (resigned 31/1/09)
J. Claffon (appointed 4/6/09)
T. Cook
D. Copley
C. Goulden (appointed 4/6/09)
K. Evans
M. Faulkner (appointed 4/6/09)
A. Harris
R. Kirkwood (appointed 4/6/09)
P. Roche (resigned 30/1/09)
S.J. Porter
T. Snape

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site

www.greatplaces.org.uk

Registered Numbers

TSA 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

Internal Auditors

Mazars LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Director of Finance
and Company Secretary P. Elvy

Bankers

Director of
Performance and
Innovation M. Shannon

Director of Housing
Services G. Cresswell

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

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OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Corporate Structure

Great Places Housing Group (the "Group") completed a major restructuring during 2009/10 (which we refer to as Group Simplification). Long established Register Provider ("RP") subsidiary names such as Manchester Methodist Housing Association (MMHA), Ashiana and Space all disappeared, as the latter two entities transferred their engagements into MMHA. MMHA then changed its name to Great Places Housing Association. The new, more streamlined Organisation sees the Group with just two subsidiaries:

- Great Places Housing Association (GPHA) and
- Plumlife Homes Limited (Plumlife).

The Group has two further active third tier subsidiaries: Cube Great Places Limited and Terra Nova Developments Limited.

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 2010	As at 31st March 2009	As at 31st March 2008	As at 31st March 2007	As at 31st March 2006
Housing accommodation	10,618	9,972	8,810	7,455	7,379
Supported housing	1,360	1,470	1,360	1,277	1,249
Keyworker	419	485	485	713	713
Shared ownership/leasehold	1,136	1,069	805	888	822
Managed on behalf of others	1,436	1,785	2,398	478	481
TOTAL	14,959	14,781	13,858	10,811	10,644
Properties owned, managed by a third party	76	168	127	135	77
Properties under development	882	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 and extracare properties.
- 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.
- Regeneration of neighbourhood and communities.

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

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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 12 months have seen a reduction in volatility compared to the previous 18 months, but there is no doubt that significant economic and financial uncertainty remains. The UK economy has now emerged from six consecutive quarters of recession, but only by the slenderest of margins.

2009 saw a prolonged period of negative inflation (most crucially the -1.4% inflation rate for September 2009, which drives our rent setting formula). The September figure was not quite the lowpoint for the year, but was close to it. As a result we now see rents affected in perpetuity by that RPI factor, whereas our cost base (primarily staffing and maintenance) is not so directly influenced by RPI.

The credit crunch continues: whilst there is a slowly increasing supply of bank funding for RPs, 2009 was a record year for large RP bond issues. Margins and terms have eased, but remain far in excess of historic levels. Interest rates remain at a record low, and whilst the next movement will be upward, there is much debate as to when this will happen.

The mortgage market continues to be difficult, with housebuyers struggling to secure even modest loans without significant deposits. Potential shared owners are particularly adversely affected, with only a limited number of lenders in the market. Housing waiting lists are longer than they have been for many years, but it is the lack of mortgage finance which is affecting house prices most significantly rather than supply and demand factors. This contributes to a significant reduction in the Group's ability to generate income from property sale activity.

A new coalition Government means that political uncertainty can be added to the overall picture.

The Group business plan analyses the situation in more detail, identifying how it impacts the Group.

2009/10 has seen the first full year of a new regulatory regime, with the former regulator, the Housing Corporation, replaced by the pairing of the Homes and Community Agency (HCA) and also the Tenant Services Authority (TSA). The Group has established good working relationships with both new agencies.

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, Stephen Reuben resigned as Managing Director of Space. Following the Group simplification, Guy Cresswell has the role of Director of Housing Services for the Group, whilst Maggie Shannon, Director of Performance and Innovation, also has responsibility for Asset Management for the Group.

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The other executive directors served throughout the year.

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

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 are 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.

We remain committed to our core values:

- 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.
- Owning or managing a great number of homes.
- Being an employer of choice.
- Adapting to new situations while maintaining our core values.
- Having a great reputation.

To achieve these, we have identified 10 key corporate objectives that are classified into three distinct groupings:

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.

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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 2009/10 year end balanced scorecard:

Objective	Indicative measures	Scorecard judgement
Customers and service delivery	Performance against 12 service standards Satisfaction with outcome of complaints	Just missed
Sustainable communities	Tenancy turnover Procurement initiatives implemented	Achieved
Value for money	Staff turnover Sickness absence	Just missed
People	Implementation of service reviews	Achieved
Innovation and continuous improvement	Implementation of service reviews	Achieved
Finances: Overall	Achievement of surplus	Achieved
Finances: Turnover	Budget, void loss & arrears	Achieved
Finances: Operating Costs	Achievement of budget	Not achieved
Growth	HCA delivery targets	Achieved
Reputation	External awards	Achieved
Environment	Mileage Energy usage	Achieved
Equality and Diversity	Customer profile data collected	Just missed

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

Key projects delivered and other achievements in 2009/10 and new projects planned for 2010/11 and beyond

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

- Simplification of the Group Structure. The simplified structure has delivered savings and efficiencies which have been directed to frontline services.
- The new structure also includes a customer-led Tenant Services Committee which has a scrutiny and monitoring role as well as approving housing policy.
- The announcement that Great Places has been chosen to deliver the Gateways to Oldham PFI scheme, along with partners Regenter and Rok. The £131million project involves the refurbishment of 300 homes, along with 430 new build properties.
- Implementation of a new asset management system and completion of a stock condition survey.

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

- Retaining and improving our top 100 status (being 58th) in the Sunday Times best companies to work for awards.
- The Group underwent an Audit Commission short notice inspection in the latter part of 2009/10. The results are positive, with "strengths outweighing weaknesses" in the three areas selected for review and "strengths and weaknesses in balance" for the three cross-cutting areas. The Group has been assessed as having excellent prospects for improvement.
- We have been re-appointed by the HCA as the Homebuy agency for Greater Manchester, Lancashire, and were appointed for the first time as the Homebuy agency for South Yorkshire.
- Mortgage rescue has proved to be another new area of business, where we are able to deliver positive solutions for home owners who are struggling to maintain their mortgage commitments.
- We have been shortlisted down to the final pairing for the Pendleton PFI and are committed for bidding for further schemes in Manchester and Stoke.
- Our development programme this year has bucked the trend caused by the recession. We have delivered over 600 new homes, including our first schemes in Leigh and Warrington, as well as the innovative "Vibe" scheme in Salford.
- Great Places has also been successful in its bid to sit on the HCA's new Delivery Partner Panel. The panel will provide a national resource for direct development and construction related works and services, to be made available to Local Authorities, Regional Development Agencies, and many other public sector agencies.
- Supported Housing is an important element of Great Places' work, and one which we continue to invest in and be committed to. This is evidenced in the new provision at Docherty House, a supported project for alcohol dependent men and women.

The Group has sub-divided its objectives for 2010/11 under the 3 Corporate Objective Groupings identified above as follows:

Delivering (top quartile) customer service excellence

- Building on our Customer Service Excellence accreditation, which we obtained in November 2009.
- Progressing the recommendations from our recent Short Notice Inspection.
- Achieving top quartile satisfaction figures in our next Status Survey.
- Increasing our commitment to support our tenants into work, training and employment through Great Opportunities, our social enterprise team.
- Developing Great Communities to champion the needs of BME and emerging migrant communities.
- Developing our in house tenancy support service and developing a strategic approach to how we support our growing numbers of older tenants.
- Delivering against our improvement priorities for 2010/11.
- Improving our procurement processes and culture to help deliver VFM services.
- Continuing to improve the way we deliver our investment programme through the use of our new asset management system.
- Continuing to support our tenants to be involved at all levels including those on our new Tenant Services Committee.
- Responding to the requirements of the TSA's co-regulatory framework.
- Developing local offers to tenants to ensure we meet their varying needs.
- Continuing to improve tenant access to our services through web-based technology and neighbourhood working.
- Strengthening our equality impact assessment process which ensures all new and updated policies are fair and equal for all.

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Making the Group work effectively

- Creating one Great Places culture across the group.
- Completing the ONE project so that housing services are being delivered consistently.
- Developing the role of Champions (staff who will specialise and lead on a variety of areas).
- Achieving cost reflective and effective service charges.
- Using the Group's resources to deliver improvements to our neighbourhood services, including further developing mobile working and specialist services.
- Implementing a successful training and development programme structured through a central Learning and Development Manager.
- Developing a high level corporate action plan to rationalise our business planning process and to ensure we focus on the right things.
- Enhancing performance reporting arrangements to highlight strengths and weaknesses, and to facilitate the sharing of good practice.

Growing the Group

- Work successfully on PFI projects in both Pendleton and Collyhurst, using knowledge and experience gained from Oldham PFI.
- Continuing to work with the HCA, local authorities, developers and other relevant parties to ensure the Group is able to develop new homes and regenerate communities.
- Utilising efficiencies to allow the provision of subsidy to key development schemes.
- Developing and establishing a number of Extra Care schemes.
- Retaining existing and gaining new Supporting People contracts.
- Continue to work flexibly in response to the changing housing market.
- Considering new development models such as the Regional Property Fund, and developing our role in the intermediate housing market.

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 2009/10 we completed our review of our approach to risk, which is now very visually shown by the risk map shown on page 8.

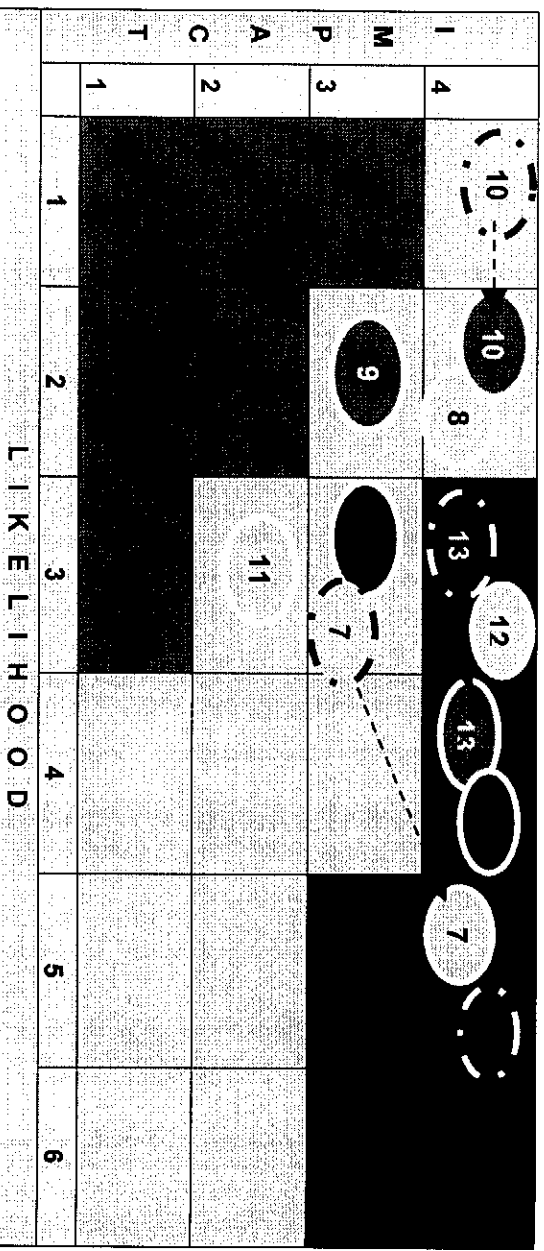
Risks that may prevent the Group achieving its objectives are considered and reviewed regularly by staff throughout the organisation and the resultant key strategic risks in particular are considered by the senior management team and Board as part of ongoing planning processes. Movement in the assessment of key risks is plotted on the risk map to help understand how we are responding to our changing operating environment.

The Group originally identified 15 strategic risks (since reduced to 13) – with four opportunities, one uncertainty and eight threats remaining as identified on Page 8. 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.

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Flying saucers with a dotted outline denote the previous risk position. Risks number 10 and 13 have increased in likelihood, whilst risk number 7 has increased in both likelihood and impact following our latest review. Risk number 4 has decreased in likelihood.



The colour of the flying saucer denotes the scope for improvement around that particular risk (no flying saucer means a risk is not currently a priority).

The colour of the background denotes the risk appetite as explained below:

Appetite	Risk mgt: actions & reporting	Flying Saucer	Scope for improvement
	Board expects senior managers to be actively managing on a continuous basis. Board or committee receives report at least at every meeting		Still substantial scope for improvement
Acceptable if actively monitored	Board content that day to day management of risks is delegated by Directors to a named individual, but expects them to be receiving prompt exception reports plus routine positive assurance reports every quarter		Moderate scope for improvement
	Board content that day to day management is delegated by Directors to a named individual, and that reporting to them is on an exception-only basis plus annual stewardship/assurance reporting		Limited/no scope for improvement

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Key risk (Opportunity – O, Uncertainty – U, Threat – T)	
1	O Missing opportunities to increase our stock numbers.
2	T Inaccurate external perceptions which lead to a reputation we don't deserve.
3	O Understanding of changing customer needs and expectations and using this to develop our services to meet future demand.
4	O Achieving high levels of customer satisfaction by delivering high quality homes and services.
7	T Our development programme shrinks.
8	T Our internal processes and systems don't keep pace with growth or other changes/developments in our business or external environment.
9	T Our people and associated policies and practices don't keep pace with growth or other changes.
10	U Over or under estimating our financial or organisational capacity.
11	O Ensuring that Performance Management is central to all decision making.
12	T Financial market issues adversely impact on Great Places.
13	T Government policy issues adversely impact on Great Places.
14	T Damaging publicity as a result of an adverse incident.
15	T Lack of early warning about poor performance against corporate plan objectives.

Financial position

Highlights of the Group's Income and Expenditure account and Balance Sheet are shown in Table 2 (page 11) and the following paragraphs explain key features of the Group's financial position at 31 March 2010.

Accounting policies

The Group's principal accounting policies are set out on pages 24 to 28 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.

Capital structure, treasury policy, cash flows and liquidity

The Group borrowed £17.5million during the year, with debt repayments the net increase in debt was £14.8m. This funded the Group's ongoing development activity and the continuing major investment programme in Sheffield.

Table 1:	2010	2009	2008
As at 31 March	£'000	£'000	£'000
Maturity			
Within one year	2,508	1,408	1,517
Between one and two years	2,548	1,418	1,467
Between two and five years	7,786	4,391	4,701
After five years	247,641	238,461	167,966
TOTAL	260,483	245,678	175,651
Fixed	199,372(76%)	147,414 (60%)	126,642 (72%)
Variable	61,111 (24%)	98,264 (40%)	49,009 (28%)
New facility	211,996	194,495	117,253
Legacy debt	48,487	51,183	58,398

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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 whereby the new facilities are loans to Great Places Housing Group and then on-lent to GPHA 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 2010 the Group had 76% fixed (of which 7% is cancellable debt) and 24% variable rate debt. Currently the Group's proportion of fixed rate debt is towards the top of the policy range range, but will drift downward during 2010/11.

The fixed rate transactions include a mix of embedded and stand alone swaps. The stand alone swaps are transacted through International Swaps and Derivatives Association ('ISDA') agreements and as a result of movements in interest rates, at the year end, the Group has been required to provide £1.4m of cash as security to the relevant counterparties.

The fixed rates of interest range from 3.41% to 11.5%.

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 11). 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.

Cash flows

Cash flows during the year are shown in the consolidated cash flow statement (page 22).

The major influence on the scale and timing of future borrowings is the Group's future development programme, together, in 2010/11, with the last full year of investment on the Wybourn stock transfer estates in Sheffield. Works on the Richmond Park estate are nearing completion.

The Group business plan identifies gross funding requirements of £65m in 20010/11 and £34m in 2011/12 – a total of £99m. At March 2010 the remaining available facility is £103m. The Group will complete the arrangement of a new £20m EIB funding facility in the first quarter of 2010.

Pension costs

The Group participates in two pension schemes, the Social Housing Pension Scheme (SHPS) 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%.

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The latest actuarial valuation of SHPS was undertaken as at 30 September 2008 and the scheme has reported an increased deficit of £663m (£263m at September 2005). The Group has reviewed the new benefit structures to be offered by SHPS, and has decided to continue to allow existing staff to remain with their existing pension, but with higher contributions shared between employer and employee. From April 2010, all new employees will be offered the SHPS 1/80th Career Average Related Earnings ('CARE') defined benefit pension, and from November 2010 will be able to choose between that scheme and the new SHPS Defined contribution scheme.

Table 2 – Group highlights, five-year summary						
For the year ended 31 March	2010	2009	2008	2007	2006	
	£'000	£'000	£'000	£'000	£'000	£'000
Group Income & Expenditure account						
Total turnover	68,657	62,069	56,638	42,887	43,775	
Operating surplus	13,071	12,897	12,315	9,554	9,330	
Surplus for the year	4,059	4,204	4,613	3,404	3,863	
Group Balance Sheet						
Housing properties	736,721	643,960	505,908	467,515	437,725	
Social housing grant	(407,867)	(358,275)	(292,928)	(276,707)	(258,878)	
Depreciation	(19,192)	(16,170)	(13,600)	(12,552)	(10,439)	
Other fixed assets	8,098	7,548	6,712	6,611	7,049	
Fixed assets	317,760	277,063	206,108	184,867	170,457	
Investments	320	303	(52)	60	20	
Net current assets	6,136	29,362	17,851	6,011	10,047	
Total assets less current liabilities	324,216	306,728	223,907	190,938	180,524	
Creditors due after more than one year	257,924	244,444	175,559	149,233	142,223	
Pension liability	249	38	121	-	-	
Negative goodwill reserve	5,078	5,131	-	-	-	
Reserves	60,965	57,115	48,227	41,705	38,301	
	324,216	306,728	223,907	190,938	180,524	
Statistics						
Surplus for the year as % of turnover	5.9%	6.8%	8.1%	7.9%	8.8%	
Interest Cover	164%	166%	168%	168%	171%	
(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)						
Gearing	36.9%	35.6%	33.7%	30.7%	31.6%	
(Total borrowings less cash at bank and in hand) / (Housing properties at cost less properties under construction less depreciation and impairment)						

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

The Group made no impairment charge in 2009/10 (2008/09 £0.3m).

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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.

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 2009 up to the date of approval of the report and financial statements.

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, with the key financial risk areas of Treasury Management and cash handling included annually;
- 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;
- regular monitoring of loan covenants, cash flow requirements and future requirements for new loan facilities.

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 Group 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.

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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.

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, the Housing Act 1996 (to 31 March 2010), the Housing and Regeneration Act 2008 (from 1 April 2010) 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).

Donations

During the years ended 31 March 2010 and 2009 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 more than two full financial years. Therefore the board continues to adopt the going concern basis in the financial statements.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Annual general meeting

The annual general meeting will be held on Thursday 9 September 2010 at Southerrigate.

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 29 July 2010 and signed on its behalf by:



Phil Elvy
Company Secretary

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

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

We have audited the financial statements of Great Places Housing Group Limited ('the Group') for the year ended 31 March 2010 which comprise the Group and Association income and expenditure account, the Group and Association balance sheet, the Group cash flow statement, the Group and Association statement of total recognised surpluses and deficits, the Group and Association reconciliation of movements in association's funds and notes 1 to 32.

This report is made solely to the Association's members, as a body, in accordance with regulations made under Section 4 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

The directors' responsibilities for preparing the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the responsibilities of the Board (on page 13).

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 in accordance with Chapter 9 of the Friendly and Industrial and Provident Societies Act 1968, and whether the financial statements are in compliance with Chapter 127, Part II, Chapter 4 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

In addition, in accordance with Chapter 9 of the Friendly and Industrial and Provident Societies Act 1968 we report to you if, in our opinion, the Association has not kept proper books of account, or maintained a satisfactory system of control, or the financial statements are not in agreement with the books of account of the society, or 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 the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 Association's circumstances, consistently applied and adequately disclosed.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Association's affairs as at 31 March 2010 and of the Group's and Association's income and expenditure, for the year then ended; and
- the financial statements are in compliance with Chapter 127, Part II, Chapter 4 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
Manchester
11/8/10

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover: Group and share of joint venture		70,059	63,449
Less: share of joint venture's turnover		<u>(1,402)</u>	<u>(1,380)</u>
Group turnover	3	68,657	62,069
Operating costs	3	(55,586)	(49,172)
Operating surplus	4	13,071	12,897
Surplus on sale of fixed assets – housing properties	5	441	633
Share of operating profit of joint venture	14	67	65
Interest receivable	6	107	921
Interest payable and similar charges	7	<u>(9,442)</u>	<u>(10,271)</u>
Surplus on ordinary activities before taxation		4,244	4,245
Tax on surplus on ordinary activities	9	<u>(185)</u>	<u>(41)</u>
Surplus for the financial year	24	4,059	4,204

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 24 to 55 form part of these financial statements.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2010

	Note	2010	2009
		£'000	£'000
Turnover	3	11,357	9,049
Operating costs	3	<u>(10,994)</u>	<u>(9,025)</u>
Operating surplus	4	363	24
Interest receivable and other income	6	6,824	6,600
Interest payable and similar charges	7	<u>(6,810)</u>	<u>(6,579)</u>
Surplus on ordinary activities before taxation		377	45
Tax on surplus on ordinary activities	9	<u>(137)</u>	<u>(19)</u>
Surplus for the financial year	24	<u>240</u>	<u>26</u>

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 24 to 55 form part of these financial statements.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2010

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Surplus for the financial year	4,059	4,204	240	26
Amortisation of negative goodwill	(53)	(81)	-	-
Actuarial (loss)/gain	(209)	101	-	-
Transfer of engagements (note 31)	-	9,795	-	-
Total recognised surplus relating to the year	<u>3,797</u>	<u>14,019</u>	<u>240</u>	<u>26</u>

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

For the year ended 31 March 2010

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Opening total funds	62,246	48,227	79	53
Total recognised surpluses relating to the year	3,797	14,019	240	26
Closing total funds	<u>66,043</u>	<u>62,246</u>	<u>319</u>	<u>79</u>

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

CONSOLIDATED BALANCE SHEET

At 31 March 2010

	2010	2009
	£'000	£'000
	Note	
Tangible fixed assets		
Housing properties at cost	736,721	643,960
Social housing grant	(407,867)	(358,275)
Depreciation and impairment	(19,192)	(16,170)
	<u>309,662</u>	<u>269,515</u>
Other tangible fixed assets	8,098	7,548
	<u>317,760</u>	<u>277,063</u>
Fixed asset investments		
Homebuy initiative	10,518	10,496
Less: Social Housing Grant	(10,208)	(10,203)
	<u>310</u>	<u>293</u>
Investment in joint venture:		
Share of gross assets	610	541
Share of gross liabilities	(600)	(531)
	<u>10</u>	<u>10</u>
Total investments	<u>320</u>	<u>303</u>
Total fixed assets	<u>318,080</u>	<u>277,366</u>
Current assets		
Stock and work in progress	9,227	18,240
Debtors	13,274	16,803
Investments	8,699	7,100
Cash at bank and in hand	15,471	16,026
	<u>46,671</u>	<u>58,169</u>
Creditors: Amounts falling due within one year	<u>(40,535)</u>	<u>(28,807)</u>
Net current assets	<u>6,136</u>	<u>29,362</u>
Total assets less current liabilities	<u>324,216</u>	<u>306,728</u>
Creditors: Amounts falling due after more than one year	19	244,444
	<u>257,924</u>	
Net pension liability	11	38
	<u>249</u>	
Capital and reserves	<u>258,173</u>	<u>244,482</u>
Share capital	-	-
Negative goodwill reserve	23	5,131
Revenue reserve	24	57,115
	<u>66,043</u>	<u>62,246</u>
Consolidated funds	<u>324,216</u>	<u>306,728</u>

The notes on pages 24 to 55 form part of these financial statements.

The financial statements were approved by the Board on 29 July 2010 and signed on its behalf by:


 Board member


 Board member


 Secretary

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010


ASSOCIATION BALANCE SHEET

At 31 March 2010

	2010 £'000	2009 £'000
Note		
Other tangible fixed assets	1,701	1,294
	<u>1,701</u>	<u>1,294</u>
Debtor due from subsidiary undertaking in more than one year	204,801	187,395
Current assets		
Debtors	1,727	3,074
Investments	7,259	7,100
Cash at bank and in hand	-	134
	<u>8,986</u>	<u>197,703</u>
Creditors: Amounts falling due within one year	(3,173)	(4,423)
Net current assets	<u>5,813</u>	<u>193,280</u>
Total assets less current liabilities	<u>212,315</u>	<u>194,574</u>
Creditors: Amounts falling due after more than one year	211,996	194,495
Capital and reserves		
Share capital	-	-
Revenue reserve	319	79
	<u>319</u>	<u>79</u>
Association's funds	<u>212,315</u>	<u>194,574</u>

The notes on pages 24 to 55 form part of these financial statements.

The financial statements were approved by the Board on 29 July 2010 and signed on its behalf by:


 Board member


 Board member


 Secretary

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2010

	2010 £'000	2009 £'000
	Note	
Net cash inflow from operating activities	(i) 28,839	19,546
Returns on investments and servicing of finance		
Interest received	107	921
Interest paid	<u>(7,687)</u>	<u>(12,179)</u>
	(7,580)	(11,258)
Taxation paid		
Corporation tax paid	(37)	(85)
Transfer of engagements	-	1,188
Capital expenditure		
Purchase and construction of housing properties	(86,404)	(86,310)
Social housing grant received	53,979	32,296
Sale of housing properties (net)	(572)	4,210
Purchase of other fixed assets	<u>(1,370)</u>	<u>(932)</u>
	(34,367)	(50,736)
Management of liquid resources		
Cash placed on fixed term deposit	(1,885)	(7,100)
Cash withdrawn from fixed term deposit	286	4,000
	<u>(1,599)</u>	<u>(3,100)</u>
Financing		
Loans received	17,500	77,243
Loans repaid	<u>(2,342)</u>	<u>(25,242)</u>
Property leases repaid	(56)	(302)
Loan issue costs incurred	<u>(913)</u>	<u>(672)</u>
	14,189	51,027
(Decrease)/increase in cash	(iii) (555)	6,582

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2010

	2010 £'000	2009 £'000
(i) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	13,071	12,897
Depreciation of tangible fixed assets	3,864	3,832
Amortisation of goodwill	(53)	(65)
Amortisation of issue costs	101	233
Income from joint venture	67	65
	<u>17,050</u>	<u>16,962</u>
Working capital movements		
Debtors	803	(1,537)
Creditors	1,971	1,454
Other movement	9,015	2,667
	<u>28,839</u>	<u>19,546</u>
Net cash inflow from operating activities	<u>28,839</u>	<u>19,546</u>
	2010 £'000	2009 £'000

(ii) Reconciliation of net cash flow to movement in net debt

Decrease/(increase) in cash	555	(6,582)
Cash used to repay loans	(2,342)	(25,242)
Cash received from loans	17,500	77,243
Issue costs incurred	(913)	(672)
Amortisation of issue costs	101	233
Leases repaid	(56)	(302)
Cash used to increase liquid resources	(1,599)	(3,100)
Indexation	24	21
Other non-cash movement	717	-
Transfer of engagements	-	17,875
Change in net debt	<u>13,987</u>	<u>59,474</u>
Net debt at 1 April	<u>220,858</u>	<u>161,384</u>
Net debt at 31 March	<u>234,845</u>	<u>220,858</u>

(iii) Analysis of changes in net debt

	At 1 April 2009	Cash Flows	Other Changes	At 31 March 2010
Cash and bank	£'000 16,026	£'000 (555)	£'000 -	£'000 15,471
Debt	(243,110)	(14,245)	252	(257,103)
Finance leases	(874)	56	(1,094)	(1,912)
	<u>(243,984)</u>	<u>(14,189)</u>	<u>(842)</u>	<u>(259,015)</u>
Current asset investments	7,100	1,599	-	8,699
	<u>(220,858)</u>	<u>(13,145)</u>	<u>(842)</u>	<u>(234,845)</u>

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

1. Legal status

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

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.

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.

Revenue recognition

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding are met.

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. Great Places Housing Association a subsidiary of Great Places Housing Group Limited has been granted exemption from taxation under the provision of Section 505 of the Income and Corporation Taxes Act 1988 because of its charitable status.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

2. Accounting policies (continued)

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.

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 (note 32), 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.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

2. Accounting Policies (continued)

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.

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.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

2. Accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

2. Accounting policies (continued)

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.

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

Great Places 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.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

3 Particulars of turnover, cost of sales, operating costs and operating surplus
Group

	2010			
	Turnover	Cost of	Operating	Operating
	£'000	Sales	Costs	surplus
	£'000	£'000	£'000	£'000
Social housing lettings	47,504	-	(37,653)	9,851
Other social housing activities				
Supporting people	4,468	-	(4,892)	(424)
Properties managed on behalf of other organisations	3,283	-	(951)	2,332
First tranche shared ownership sales	4,006	(3,828)	-	178
Homebuy direct income	729	-	(311)	418
Marketing income	186	-	(79)	107
Development activities	4,244	(974)	(3,083)	187
Other	1,216	-	(671)	545
	<u>18,132</u>	<u>(4,802)</u>	<u>(9,987)</u>	<u>3,343</u>
Non-social housing activities				
Developments for sale	2,650	(2,938)	-	(288)
Market and commercially rented	371	-	(206)	165
	<u>3,021</u>	<u>(2,938)</u>	<u>(206)</u>	<u>(123)</u>
	<u>68,657</u>	<u>(7,740)</u>	<u>(47,846)</u>	<u>13,071</u>

NOTES TO THE FINANCIAL STATEMENTS

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

Particulars of income and expenditure from social housing lettings

GROUP

	2010				2009	
	General needs housing	Supported housing and housing for older people	Key worker housing	Low cost home ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	35,849	3,250	761	1,685	41,545	38,039
Service income	1,823	2,524	451	74	4,872	4,027
Charges for support services	148	457	-	-	605	593
Net rental income	37,820	6,231	1,212	1,759	47,022	42,659
Other HCA revenue grants	-	-	-	-	-	2,002
Other revenue grants	70	217	194	1	482	370
Turnover from social housing lettings	37,890	6,448	1,406	1,760	47,504	45,031
Management	(7,691)	(2,897)	(287)	(18)	(10,893)	(10,197)
Services	(4,036)	(1,860)	(1,086)	(95)	(7,077)	(5,651)
Routine maintenance	(8,103)	(887)	(221)	(6)	(9,217)	(8,875)
Planned maintenance	(907)	(175)	(32)	-	(1,114)	(644)
Major repairs expenditure	(5,104)	(185)	(42)	-	(5,331)	(5,452)
Bad debts	(367)	(137)	(23)	27	(500)	(409)
Property lease charges	(368)	(73)	-	-	(441)	(211)
Depreciation of housing properties	(2,461)	(133)	(172)	(221)	(2,987)	(2,348)
Depreciation of leased properties	(77)	-	-	-	(77)	(84)
Impairment of housing properties	-	-	-	-	-	(55)
Other costs	(16)	-	-	-	(16)	(260)
Operating costs on social housing lettings	(29,130)	(6,347)	(1,863)	(313)	(37,653)	(34,186)
Operating surplus/(deficit) on social housing lettings	8,760	101	(457)	1,447	9,851	10,845
Void losses	449	453	289	(2)	1,189	1,011

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

4. Operating surplus

The operating surplus is arrived at after charging/(crediting):

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Depreciation of housing properties	2,967	2,438	-	-
Depreciation of leased properties	77	84	-	-
Impairment of general needs housing properties	-	219	-	-
Impairment of keyworker housing properties	-	55	-	-
Depreciation of other tangible fixed assets	820	1,036	517	294
Amortisation of negative goodwill	(53)	(81)	-	-
Auditors' remuneration (including VAT)	57	61	7	6
- for audit of the financial statements				
- for other services relating to taxation	6	7	1	2

5. Surplus on sale of fixed assets – housing properties

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Disposal proceeds (net of costs)	2,229	6,445	-	-
Carrying value of fixed assets	(962)	(4,349)	-	-
Capital grant recycled (note 21)	1,267	2,096	-	-
Disposal proceeds fund (note 22)	(628)	(928)	-	-
	(198)	(535)	-	-
	441	633	-	-

6. Interest receivable and other income

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Interest receivable and similar income	107	921	14	20
Loan interest recharged to Group companies	-	-	6,810	6,580
	107	921	6,824	6,600

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

7. Interest payable and similar charges

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Finance leases	182	57	-	-
Loans and bank overdrafts	9,967	11,744	6,810	6,579
Interest payable capitalised on housing properties under construction	10,149	11,801	6,810	6,579
	(707)	(1,530)	-	-
	<u>9,442</u>	<u>10,271</u>	<u>6,810</u>	<u>6,579</u>

Capitalised interest charged at rates of 0.22% (receivable) and 3.57% (payable).

8. Gift aid

A gift aid payment of £700,000 was made by Plumlife Homes Limited to Great Places Housing Association on 31 March 2010. This is eliminated on consolidation.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

9. Tax on surplus on ordinary activities

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current tax				
UK corporation tax charge for year	165	41	100	19
Adjustments in respect of prior years	(4)	-	1	-
	161	41	101	19
Deferred tax				
Net origination and reversal of timing differences	24	-	36	-
	185	41	137	19
Current tax reconciliation				
Surplus on ordinary activities	4,244	4,245	377	45
Less: exempt due to charitable status of subsidiary association	(3,625)	(3,784)	-	-
	619	461	377	45
Whereon corporation tax at the standard rate of 28% (2009: 28%)	174	130	106	13
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	17	14	17	7
Income not taxable for tax purposes – fixed assets	(16)	(79)	-	-
Chargeable gains	9	19	-	-
Tax credits	-	(2)	-	-
Utilisation of tax losses and other deductions	-	(42)	-	-
Other short term timing differences	8	13	1	8
Adjustments to tax charge in respect of previous periods	(6)	-	1	-
Marginal relief	(1)	(4)	-	(2)
Capital allowances in excess of depreciation	(24)	(8)	(24)	(7)
Current tax charge	161	41	101	19

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

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.

	Group		Association	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Emolument of the Association's directors including pension contributions	534	532	534	532
Emoluments of the chief executive, who was also the highest paid director, excluding pension contributions	154	154	154	154

The amounts shown above are in relation to the Group's executive directors which were paid solely in respect of the performance of their duties and exclude emoluments which were paid to other members of the Great Places Board and its subsidiary Boards during the year of £39,000 (2009: £21,000).

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 £20,934 (2009: £20,372) was paid by the employer in addition to those made by the chief executive himself.

11. Employees

Average monthly number of employees expressed as full time equivalents:

	Group		Association	
	2010	2009	2010	2009
	No	No	No	No
Administration	101	83	86	75
Development	46	46	46	46
Housing, support and care	387	371	43	3
	534	500	175	124

Employee costs:

	Group		Association	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Wages and salaries	12,913	12,514	5,091	4,329
Social security costs	1,102	1,062	438	382
Other pension costs	915	883	444	395
	14,930	14,459	5,973	5,106

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

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 Great Places 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 (CARE) with a 1/60th accrual rate.

From April 2010 there are a further two benefit structures available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution structure will be made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members 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. This does not reflect any benefit structure changes made from April 2010.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to 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. From April 2010 the requirement for employers to pay at least 50% of the total contribution no longer applies.

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 256 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £3,660,000. 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 Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

a) Social Housing Pension Scheme (Group and association)

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 69.7%.

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 (CARE) with a 1/60 th accrual rate	14.9
Final salary with a 1/80 th accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80 th accrual rate	11.9

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.

NOTES TO THE FINANCIAL STATEMENTS

11. Employees (continued)

a) Social Housing Pension Scheme (Group and association)

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

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

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

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

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 is currently in the process of reviewing the recovery plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2009. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,723 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £738 million, equivalent to a past service funding level of 70.0%.

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 SHPS based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for the Group was £34,356,000.

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). 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 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 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 three 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 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 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 four 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 Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan 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 have been formalised. The valuation of the Plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Plan'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 2010

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:

Investment return pre retirement	<u>% p.a.</u>
Investment return post retirement	7.6
- 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.

The Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.

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 Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to the Pensions Regulator on 18 December 2009.

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 2009. As of this date the estimated employer debt for the Group was £114,437.

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 31 March 2010 there were 13 active members of the Scheme employed by the Association.

The Group's contribution to the LGPS for the year ended 31 March 2010 were £21,000 (2009: £23,000) 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 31 March 2007 and supplementary figures were provided for 31 March 2010 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 31/03/10	As at 31/03/09
Rate of increase in salaries	5.0%	4.8%
Discount rate for scheme liabilities	5.7%	7.1%
Rate of increase in pensions	3.5%	3.3%
Inflation	3.5%	3.3%

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

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	20.4	23.2
Future pensioners	21.3	24.1

Amounts recognised in the balance sheet:

	2010 £'000	2009 £'000
Present value of funded obligations	(853)	(463)
Fair value of plan assets	604	425
Net liability	(249)	(38)

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

	2010 £'000	2009 £'000
Current service cost	16	35
Past service cost	-	-
Expected return on pension scheme assets	(27)	(32)
Interest on pension scheme liabilities	34	38
Total operating charge	23	41

£23,000 (2009: £41,000) was charged to the operating surplus and £7,000 (2009: £6,000) was charged to interest payable.

Changes in present value of defined benefit obligation:

	2010 £'000	2009 £'000
Opening defined benefit obligation	(463)	(592)
Service cost	(16)	(35)
Interest on pension liabilities	(34)	(38)
Actuarial (losses)/gains on liabilities	(323)	219
Member contributions	(17)	(17)
Closing defined benefit obligation	(853)	(463)

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

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:	2010	2009
	£'000	£'000
Opening fair value of plan assets	425	471
Expected return on plan assets	27	32
Actuarial gains/(losses) on assets	114	(118)
Employer contributions	21	23
Member contributions	17	17
Closing defined benefit obligation	<u>604</u>	<u>425</u>

Analysis of the movement in (deficit) during the year

(Deficit) in the fund at the beginning of year	As at	31/03/09
Movement in year:	31/03/10	As at
Current service costs	£'000	31/03/09
Employer contributions	(38)	£'000
Net return on assets	(16)	(121)
Actuarial (loss)/gain	21	(35)
(Deficit) at end of year	(7)	23
	(209)	(6)
	<u>(249)</u>	<u>(38)</u>

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

	31/03/10	31/03/09
	£'000	£'000
Equities	390	254
Government Bonds	93	73
Other Bonds	48	32
Property	55	45
Cash/Liquidity	18	21
Total	<u>604</u>	<u>425</u>
	100.0%	100.0%

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

	2010	2009
	£'000	£'000
Actuarial (losses)/gains	(209)	101
Cumulative actuarial (losses)/gains	<u>(209)</u>	<u>-</u>
Actuarial return on plan assets	141	(85)

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

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(853)	(463)	(592)	-	-
Fair value of scheme assets	604	425	471	-	-
(Deficit) on scheme	(249)	(38)	(121)	-	-
Experience gains/(losses) on liabilities	-	-	(37)	-	-
Experience gains/(losses) on assets	114	(118)	9	-	-

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets – housing properties

Housing properties	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing properties under construction £'000	Total £'000
Cost						
At 1 April 2009	551,632	8,050	20,720	56,983	6,575	643,960
Additions	29,659	1	31,685	5,502	4,655	71,502
Transfer (to)/from current assets	-	-	-	2,262	(2,162)	100
Works to existing properties	22,444	-	-	-	-	22,444
Interest capitalised	-	-	369	9	293	671
Schemes completed	1,269	-	(1,269)	1,389	(1,389)	-
Transfer	(3,670)	-	-	3,670	-	-
Disposals	(884)	(114)	-	(958)	-	(1,956)
At 31 March 2010	600,450	7,937	51,505	68,857	7,972	736,721
Social housing grant						
At 1 April 2009	314,819	1,237	12,725	25,332	4,162	358,275
Additions	26,238	-	23,388	1,182	2,557	53,365
Schemes completed	1,289	-	(1,289)	442	(442)	-
Transfer	(2,492)	-	-	2,492	-	-
Disposals	(2,074)	-	-	(1,699)	-	(3,773)
At 31 March 2010	337,780	1,237	34,824	27,749	6,277	407,867
Depreciation and impairment						
At 1 April 2009	15,516	443	-	211	-	16,170
Charged in year	2,761	52	-	231	-	3,044
Impairment	-	-	-	-	-	-
Transfer	(90)	-	-	90	-	-
Released on disposal	(11)	(5)	-	(6)	-	(22)
At 31 March 2010	18,176	490	-	526	-	19,192
Net book value						
At 31 March 2010	244,494	6,210	16,681	40,582	1,695	309,662
At 31 March 2009	221,297	6,370	7,995	31,440	2,413	269,515

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets – properties (continued)

GROUP	2010	2009
	£'000	£'000
Expenditure to works on existing properties		
Amounts capitalised	22,444	16,005
Amounts charged to Income and expenditure account	5,331	5,576
	<u>27,775</u>	<u>21,581</u>
Social housing grant	2010	2009
	£'000	£'000
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	407,867	358,275
Revenue grant	22,291	18,518
	<u>430,158</u>	<u>376,793</u>

Housing properties book value, net of depreciation and grants

Freehold land and buildings	274,927	235,901
Long leasehold land and buildings	34,735	33,614
	<u>309,662</u>	<u>269,515</u>

The net book value of housing properties assets includes £818,000 (2009: £4,215,000) in respect of properties held under finance leases. Depreciation charged in the year on these assets amounted to £24,000 (2009: £86,000).

Impairment

An impairment provision of £nil (2009: £274,000) was made in the year.

ASSOCIATION

The association has no housing property assets.

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible fixed assets – other

GROUP

	Leasehold improvements	Freehold offices	Furniture, fixtures and fittings	Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2009	384	6,523	540	1,694	60	9,201
Additions	115	264	67	913	11	1,370
Disposals	-	-	(394)	-	(15)	(409)
At 31 March 2010	<u>499</u>	<u>6,787</u>	<u>213</u>	<u>2,607</u>	<u>56</u>	<u>10,162</u>
Depreciation						
At 1 April 2009	296	483	429	418	27	1,653
Charged in year	65	129	101	509	16	820
Released on disposal	-	-	(394)	-	(15)	(409)
At 31 March 2010	<u>361</u>	<u>612</u>	<u>136</u>	<u>927</u>	<u>28</u>	<u>2,064</u>
Net book value						
At 31 March 2010	<u>138</u>	<u>6,175</u>	<u>77</u>	<u>1,680</u>	<u>28</u>	<u>8,098</u>
At 31 March 2009	<u>88</u>	<u>6,040</u>	<u>111</u>	<u>1,276</u>	<u>33</u>	<u>7,548</u>

The net book value of other tangible fixed assets includes £nil (2009: £27,000) in respect of assets held under finance leases. Depreciation charged in the year on these assets amounted to £27,000 (2009: £71,000).

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible fixed assets – other (continued)
ASSOCIATION

	Computers £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 April 2009	1,694	25	1,719
Additions	913	11	924
At 31 March 2010	<u>2,607</u>	<u>36</u>	<u>2,643</u>
Depreciation			
At 1 April 2009	418	7	425
Charge for the year	509	8	517
At 31 March 2010	<u>927</u>	<u>15</u>	<u>942</u>
Net book value			
At 31 March 2010	<u>1,680</u>	<u>21</u>	<u>1,701</u>
AT 31 March 2009	<u>1,276</u>	<u>18</u>	<u>1,294</u>

14. Investment in joint venture

	Group 2010 £'000	2009 £'000	Association 2010 £'000	2009 £'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 Great Places Housing Association. The other parties to the joint venture are Mossclare Housing Limited and Irwell Valley Housing Association.

Reviva Urban Renewal Limited made a profit of £nil for the period (2009: £nil), the Group's share of which is £nil (2009: £nil). Reviva Urban Renewal declared a gift aid payment of £200,060 (2009: £195,568) in the year of which Great Places Housing will receive one third.

15. Stock and work in progress

	Group 2010 £'000	2009 £'000	Association 2010 £'000	2009 £'000
Shared ownership properties:				
- completed	946	6,856	-	-
- under construction	4,476	5,119	-	-
Other properties for sale				
- completed	531	1,042	-	-
- under construction	3,274	3,937	-	-
Work in progress	1,286	1,286	-	-
	<u>9,227</u>	<u>18,240</u>	<u>-</u>	<u>-</u>

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

16. Debtors

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Due within one year				
Rent and service charges receivable	5,077	5,005	-	-
Less: provision for bad and doubtful debts	(2,153)	(2,143)	-	-
	2,924	2,862	-	-
Due from subsidiary undertakings	-	-	1,021	2,340
Trade debtors	969	1,911	161	73
Social housing grant receivable	5,433	8,159	-	-
Other debtors	3,147	3,227	57	170
Deferred tax	12	-	-	-
Prepayments and accrued income	767	622	472	474
	13,252	16,781	1,711	3,057
Due after more than one year				
Due from subsidiary undertakings	-	-	204,801	187,395
Other debtors	22	22	16	17
	22	22	204,817	187,412
	13,274	16,803	206,528	190,469

The debt due after more than one year from subsidiary undertakings of £204,801k (2009: £187,395k) is the on-lent Group loan facility which is included as debt falling due after more than one year (note 19), less £7,195k (2009: £7,100k) held as current asset investments (note 17).

17. Current asset investments

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Other Investments	8,699	7,100	7,259	7,100

The Group arranged a temporary £10m unsecured loan facility with Barclays Bank of which at 31 March 2010, £7.3m 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
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

18. Creditors: amounts falling due within one year

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank overdraft	-	-	32	-
Debt (note 20)	2,403	1,324	-	-
Obligations under finance leases (note 20)	169	65	-	-
Trade creditors	1,364	2,623	295	292
Rent and service charges received in advance	2,998	2,976	-	-
Social housing grant received in advance	12,082	5,907	-	-
Amounts owed to group undertakings	-	-	2	2,793
Recycled capital grant fund (note 21)	880	1,546	-	-
Disposal proceeds fund (note 22)	91	335	-	-
Corporation tax	165	41	100	19
Deferred tax	36	-	36	-
Other taxation and social security	463	471	278	253
Leaseholder sinking funds	1,322	699	-	-
Other creditors	3,030	2,129	1,638	773
Accruals and deferred income	15,532	10,691	792	293
	<u>40,535</u>	<u>28,807</u>	<u>3,173</u>	<u>4,423</u>

Cash balances totalling £1,322,000 (2009: £699,000) are held in trust for leaseholders.

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

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Debt (note 20)	254,700	241,786	211,996	194,495
Obligations under finance leases (note 20)	1,743	809	-	-
Recycled capital grant fund (note 21)	774	1,062	-	-
Disposal proceeds fund (note 22)	674	754	-	-
Other creditors	33	33	-	-
	<u>257,924</u>	<u>244,444</u>	<u>211,996</u>	<u>194,495</u>

20. Debt analysis

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
a) Loans are repayable as follows:				
Due within one year	2,508	1,408	-	-
Between one and two years	2,548	1,418	-	-
Between two and five years	7,786	4,391	-	-
After five years	247,641	238,461	211,996	194,495
	<u>260,483</u>	<u>245,678</u>	<u>211,996</u>	<u>194,495</u>
Less: Loan arrangement fees	(3,380)	(2,568)	-	-
	<u>257,103</u>	<u>243,110</u>	<u>211,996</u>	<u>194,495</u>

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

20. Debt analysis (continued)	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
b) Obligations under finance leases:				
Due within one year	169	65	-	-
Between one and two years	170	65	-	-
Between two and five years	530	195	-	-
After five years	1,043	549	-	-
	<u>1,912</u>	<u>874</u>	<u>-</u>	<u>-</u>

c) Debenture stocks

Included in the loan balances above are the following balances:

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
THFC (Indexed 2) Ltd. - 5.5% Index-linked stock, 2024 Balance as at 31 March	572	599	-	-
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 loan principal subject to the swap at 31 March 2010 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 its subsidiary undertakings 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 subsidiary Great Places Housing Association ("GPHA") under a guarantee structure. As such these loans are presented in GPHA as an intercompany loan.

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 loan principal subject to the swap at 31 March 2010 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 loan principal subject to the swap at 31 March 2010 is £20 million at a rate of 4.92%
- Lloyds TSB plc for a period of 25 years to 20th December 2032, the loan principal subject to the swap at 31 March 2010 is £15 million at a rate of 4.945%.
- Barclays Bank plc for a period of 40 years to 1 October 2047, the loan principal subject to the swap at 31 March 2010 is £26 million at a rate of 4.82%.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

20. Debt analysis (continued)

In April 2009, the Great Places Housing Group entered into the following swaps, the details which are:

- Lloyds TSB plc for a period of 20 years to April 2029, the value of the swap at 31 March 2010 is £16 million at a rate of 4.56%.

In October 2009, the Great Places Housing Group entered into a number of swaps, the details of which are:

- Royal Bank of Scotland plc for a period of 15 years to November 2024, the loan principal subject to the swap at 31 March 2010 is £11 million at a rate of 4.28%.
- Barclays Bank plc for a period of 20 years to October 2029, the loan principal subject to the swap at 31 March 2010 is £5 million at a rate of 4.28%.
- Barclays Bank plc for a period of 25 years to October 2034, the loan principal subject to the swap at 31 March 2010 is £10 million at a rate of 4.22%.
- Barclays Bank plc for a period of 22 years to October 2031, the loan principal subject to the swap at 31 March 2010 is £10 million at a rate of 4.26%.
- Abbey National plc for a period of 26 years to October 2035, the loan principal subject to the swap at 31 March 2010 is £5 million at a rate of 4.195%.
- Abbey National plc for a period of 17 years to October 2026, the loan principal subject to the swap at 31 March 2010 is £5 million at a rate of 4.27%.

21. Recycled capital grant fund

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
At 1 April	2,608	2,515	-	-
Grants recycled	628	928	-	-
Interest accrued	12	89	-	-
Transfer of engagements	-	5	-	-
Development of properties	(1,081)	(650)	-	-
Major repairs and works to existing stock	(513)	(279)	-	-
At 31 March	1,654	2,608	-	-

22. Disposal proceeds fund

	Group		Association	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
At 1 April	1,089	784	-	-
Net sales proceeds recycled	198	535	-	-
Interest accrued	1	30	-	-
Development of properties	(523)	(260)	-	-
At 31 March	765	1,089	-	-

GREAT PLACES HOUSING GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

23. Non-equity share capital

	2010 £	2009 £
Shares of £1 each issued and fully paid		
At 1 April	10	9
Shares issued during the year	5	5
Shares surrendered during the year	(2)	(4)
At 31 March	<u>13</u>	<u>10</u>

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.

24. Reserves

Group	Negative Goodwill Reserve £'000	Revenue Reserves £'000	Total Reserves £'000
At 1 April 2009	5,131	57,115	62,246
Surplus for the year	-	4,059	4,059
Actuarial surplus on pension scheme	-	(209)	(209)
Amortisation of negative goodwill	(53)	-	(53)
At 31 March 2010	<u>5,078</u>	<u>60,965</u>	<u>66,043</u>

Association

	Revenue Reserves £'000
At 1 April 2009	79
Surplus for the year	240
At 31 March 2010	<u>319</u>

25. Financial commitments

	Group 2010 £'000	2009 £'000	Association 2010 £'000	2009 £'000
a) Capital expenditure commitments were as follows:				
Expenditure contracted for but not provided in the accounts	68,917	53,657	-	-
Expenditure authorised by the Board, but not contracted	34,914	58,714	-	-
	<u>103,831</u>	<u>112,371</u>	<u>-</u>	<u>-</u>

It is anticipated that these commitments will be funded by sale proceeds, SHG and loan funding, over the remaining life of the development programme as expenditure on that programme continues.

NOTES TO THE FINANCIAL STATEMENTS

25. Financial commitments (continued)

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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Other:				
Within one year	34	38	34	38
One to five years	18	41	18	41
	<u>52</u>	<u>79</u>	<u>52</u>	<u>79</u>

26. **Contingent liabilities**

Following the refinancing exercise in December 2007 by Great Places Housing Group Limited, cross guarantees are in place with Great Places Housing Association ('GPHA'). The new facilities are loans to Great Places Housing Group Limited and then on-lent to GPHA under a guarantee structure.

27. **Related parties**

The Great Places Housing Group Board have two tenant Board members; 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.

The Group has taken advantage available under Financial Reporting Standard 8 not to disclose transactions with Group Companies. There are no other related party transactions to disclose.

28. **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	
	2010 No.	2009 No.	2010 No.	2009 No.
General housing	10,618	9,972	-	-
Supported housing	1,360	1,470	-	-
Key worker housing	419	485	-	-
Low cost home ownership	1,136	1,069	-	-
Total owned	<u>13,533</u>	<u>12,996</u>	-	-
Accommodation managed for others	1,436	1,785	-	-
Total managed	<u>14,969</u>	<u>14,781</u>	-	-
Accommodation in development at the year end	882	556	-	-

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

**29. 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	
	2010 No.	2009 No.	2010 No.	2009 No.
Housing accommodation	76	168	-	-

30. 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
- Great Places Housing Association ('GPHA') (formerly Manchester Methodist Housing Association Limited)
- Cube Lifestyle Limited (a direct subsidiary of GPHA)
- Cube Great Places Limited (a direct subsidiary of GPHA)
- Terra Nova Developments Limited (a direct subsidiary of GPHA)

Great Places Housing Association is registered under the Industrial and Provident Societies Act 1965 and is a registered charitable social landlord.

On the 1 November 2009 the engagements of subsidiaries Ashlana Housing Association Limited and Space New Living Limited were transferred to Great Places Housing Association.

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 2006, are registered in England and are limited by shares:

- Plumlife Limited
 Terra Nova Developments Limited
 Cube Great Places Limited
- Percentage held or controlled - 100%
 Percentage held or controlled - 100%
 Percentage held or controlled - 100%

The undernoted subsidiaries are registered under the Companies Act 2006, are registered in England and are limited by guarantee without share capital:

- Cube Lifestyle Limited

Of the subsidiaries, only Great Places Housing Association, Cube Great Places Limited, Plumlife Homes Limited and Terra Nova Developments Limited traded during the year. The remainder were dormant and non-trading throughout the entire year.

NOTES TO THE FINANCIAL STATEMENTS

31. Transfer of engagements

During the year ended 31 March 2009 Great Places Housing Association acquired the trade, assets and liabilities of Windmill Housing Association through a transfer of engagements. The impact of this transaction upon the prior year reserves position is disclosed within the Statement of Total Recognised Surpluses and Deficits.

32. Stock Transfer Obligations – Wybourn and Richmond Park Estates

Immediately prior to entering into the Stock Transfer Agreement between Sheffield City Council ("the council") and Great Places 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 2010 £36.6 million (2009: £20.5 million) of the refurbishment works had been completed.

