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 2012

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2012

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ASSOCIATION INFORMATION

Board

Chairman	E. Stott
Deputy Chairman	L. Hansen
Other Members	A. Beeput J. Clafton T. Cook D. Copley K. Evans (resigned 28/7/2011) C. Goulden M. Faulkner A. Harris R. Kirkwood S.J. Porter T. Snape

Executive Directors

Chief Executive	S.J.Porter
Deputy Chief Executive and Director of Development	M. Harrison
Director of Finance and Company Secretary	P. Elvy
Director of Performance and Innovation	M. Shannon
Director of Housing Services	G. Cresswell

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site

www.greatplaces.org.uk

Registered Numbers

HCA No: L4465
Industrial and Provident Society No: 30045R

External Auditors

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

Internal Auditors

Mazars LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Bankers

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

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Corporate Structure
Great Places Housing Group Limited ("GPHG" or the "Group") comprises the non asset owning, non charitable parent ("The Association"), which is an Industrial and Provident Society (I&P), together with two subsidiaries:

- Great Places Housing Association ("GPHA"), an I&P Society with charitable status; and
- Plumlife Homes Limited ("Plumlife"), an I&P Society not having charitable status.

GPHA has two active third tier subsidiaries: Cube Great Places Limited ("Cube") and Terra Nova Developments Limited ("Terra Nova").

The Group is also involved in 3 joint venture arrangements as set out in note 13 to the accounts.

Activities
The Group's primary activities include:
- Management and development of general needs social and affordable housing for rent.
- Management and development of supported housing and extracare properties.
- 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 neighbourhoods and communities.

As well as owning or managing over 16,000 properties, the Group is a major developer of new affordable housing. Our Framework Delivery Agreement signed by the Homes and Communities Agency (HCA) in September 2011 will see the Group deliver 1,281 properties in the four year period ending March 2015.

The Group's head office is located in South Manchester.

The Group has regional offices in Salford, Oldham, Blackpool, Blackburn, Knutsford and Sheffield.

The Group is active in the 37 local authorities shown in the map, with particular concentrations in Salford, Oldham, Manchester, Blackpool, Blackburn and Sheffield – these six local authority areas include almost two-thirds of the Group's properties.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

HOUSING PROPERTIES OWNED OR MANAGED	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009	As at 31st March 2008	As at 31st March 2007
Housing accommodation	11,642	11,087	10,618	9,972	8,810	7,455
Supported housing	1,440	1,538	1,360	1,470	1,360	1,277
Keyworker	414	419	419	485	485	713
Shared ownership/leasehold	1,520	1,497	1,136	1,069	805	888
Managed on behalf of others	1,131	1,181	1,436	1,785	2,398	478
TOTAL	**16,147**	**15,722**	**14,969**	**14,781**	**13,858**	**10,811**
Properties owned, managed by a third party	76	76	76	168	127	135
Properties under development	461	642	882	556	580	905

During the year the Group added over 1,000 units. Around 660 new development properties were completed, the vast majority (90%) for rent. Approaching 100 Mortgage rescue properties were acquired. The Group also took into management over 300 units at the Oldham PFI.

Over 200 properties were disposed (largely two vacant former supported housing schemes and one large block of bedsit accommodation), whilst management agreements for around 300 properties were terminated during the year. Around 60 Mortgage recue properties were sold on to other registered providers along with 30 properties that the Group managed which were returned to their owning register provider.

Net unit growth was 425 units (nearly 3%) and continued a process of refreshing the portfolio with newer stock, and more of it being fully owned.

	Build Date	Props	%
Largely due to the Group's significant development activity, a high proportion of the Group's properties are relatively new, with 43% having been constructed since 1991.	Build date not yet known	1,495	9%
	Built prior to 1951	1,761	11%
	Built 1951-1971	2,792	17%
	Built 1971-1991	3,142	19%
	Built post 1991	7,033	43%
	TOTAL	**16,223**	

Business and Financial Review

Headline review of the year
We have seen another difficult economic year with continuing difficulties in the Eurozone and a UK economy showing limited signs of growth. Record low interest rates have persisted throughout the year, but we have also seen stubbornly high inflation.

The September 2011 RPI figure of 5.6% led to a headline rent increase of 6.1% for April 2012, however Great Places chose to scale back the increase by 1.6%, reflecting the fact that many of our tenants face difficult financial situations, and rent is one of the biggest household outgoings.

High inflation fed directly through into key cost areas such as energy and building materials, whilst the full year effect of the January 2011 VAT increase added over £1/2m of unrecoverable VAT costs to the cost base. Earnings saw less upward pressure and the Group implemented a pay freeze in April 2011, with a 3% pay increase payable from April 2012.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

The continuing low Interest rates allowed the Group to outperform its interest cost budget, and we allowed the proportion of hedged debt to drift towards the lower end of the range allowed in our hedging policy.

In addition to the VAT increase, the impact of Government policy has been felt in several ways: Having signed our new HCA Framework Delivery Agreement to develop almost 1,300 affordable rent properties in late September 2011, we now have 6 months experience of the new regime, with conversions and rental uplift both currently running at over 80% of target.

During the year we have seen further significant pressure on Supporting People income with reductions and freezes seen across many of our schemes.

Welfare Benefit reform is now well underway and forthcoming changes will see the introduction of the universal credit, underoccupancy deductions ("bedroom tax"), non-dependent deductions and direct payment of benefit to tenants rather than the landlord. These will all have adverse effects on arrears and bad debts in future, both of these having been well controlled during the year as the Group's investment in a financial inclusion team shows positive results. Our investment of over £3m on photovoltaic panels will help reduce energy bills for over 500 residents.

The credit crunch continues and the domestic mortgage market remains extremely difficult. On a positive note, the Group achieved its first tranche shared ownership sales target for the year. However the tough climate meant that there was minimal staircasing activity, higher than hoped for repossessions, and an underachievement against the voluntary sales budget. Mortgage rescue, administered across Greater Manchester, Lancashire and South Yorkshire by Plumlife in its HCA homebuy agency role, continued to be an important solution.

The year has seen a successful continuation of the Group's strategy of growing its property portfolio, increasing rental income, limiting direct cost rises and constraining overheads, which has helped boost the surplus.

Property growth has mainly been achieved through the development of over 600 new properties through the traditional grant funded regime. This has been supported by adding to our properties in management, having reached a successful conclusion on the Gateways to Oldham PFI. This £113million project involves the refurbishment of over 300 homes, along with 450 new build units.

Cost control has been supported by a range of value for money initiatives including bringing a proportion of our maintenance activities in house, achieving significant cost savings through better procurement of services such as grounds maintenance and undertaking and using benchmarking information.

The Group made impairment charges to housing and other tangible fixed assets totalling £500k in 2011/12 (2010/11: £539k). This related to a restructuring of the Group's keyworker properties.

The Group's financial strength has been demonstrated by our ability to obtain new short term revolving finance at competitive margins from two major funders. In addition the Group has obtained, reported in April 2012, strong credit ratings from Moodys (Aa3) and Fitch (AA-), in anticipation of approaching the debt capital markets for new long term funding later in 2012.

The Group maintained is top financial viability rating from the TSA in their review dated March 2012.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Results for Financial Year ended 31st March 2012
The Group has achieved a surplus after tax of £7.3M for the year ended March 2012, an increase of £2.1M / 40% over the surplus achieved in March 2011 (prior to restatement).

Turnover reached £72.1 M (2010/11: £66.9M), an increase of 7.8% driven by a combination of rental inflation (5.2%) and growth in property numbers.

Operating surplus has increased by 18.8% to £17.7M from £14.9M in 2010/11 (prior to restatement, £12.5M post-restatement). This is underpinned by the surplus on social housing activities which grew from £14.1M (prior to restatement, £11.7M post-restatement) to £17.4M (+23%), and which now represents 99% (2010/11: 95%) of the total operating surplus.

Housing properties at cost reached £923.3M, (2010/11 restated: £826.3M) up £97M / 11.7% in the year. This was funded primarily by £48M of grant and £41M of debt.

Table 1 – Group highlights, five-year summary

For the year ended 31 March	2012 £M	2011 £M	2011 £M	2010 £M	2009 £M	2008 £M	2007 £M
		Restated	Not restated				
Income & Expenditure account							
Total turnover	72.1	66.9	66.9	68.7	62.1	56.6	42.9
Operating surplus	17.7	12.5	14.9	13.1	12.9	12.3	9.6
Surplus for the year	**7.3**	**2.8**	**5.2**	**4.1**	**4.2**	**4.6**	**3.4**
Balance Sheet							
Housing properties	923.3	826.3	823.5	736.7	644.0	505.9	467.5
Social housing grant	(502.6)	(454.2)	(454.2)	(407.9)	(358.3)	(292.9)	(276.7)
Depreciation	(61.0)	(54.0)	(22.1	(19.2)	(16.2)	(13.6)	(12.5)
Other fixed assets	7.8	7.8	7.8	8.1	7.5	6.7	6.6
Fixed assets	**367.5**	**326.0**	**355.0**	**317.8**	**277.1**	**206.1**	**184.9**
Investments	-	-	-	0.3	0.3	-	-
Net current assets	14.1	6.9	6.9	6.1	29.4	17.9	6.0
Total assets less current liabilities	**381.5**	**332.9**	**361.9**	**324.2**	**306.7**	**223.9**	**190.9**
Creditors due after one year	331.9	290.5	290.5	257.9	244.4	175.6	149.2
Pension liability	0.2	0.2	0.2	0.2	-	0.1	-
Reserves	49.5	42.1	71.1	66.0	62.2	48.2	41.7
	381.5	**332.9**	**361.9**	**324.2**	**306.7**	**223.9**	**190.9**

For the year ended 31 March	2012	2011	2011	2010	2009	2008	2007
		Restated	Not restated				
Statistics							
Surplus for the year as % of turnover	10.1%	4.2%	7.7%	5.9%	6.8%	8.1%	7.9%
Interest Cover (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)	216%	181%	180%	164%	166%	168%	168%
Gearing (Total borrowings less cash at bank and in hand) / (Housing properties at cost less properties under construction less depreciation and impairment)	38.0%	35.7%	36.3%	36.9%	35.6%	33.7%	30.7%

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Vision, values and objectives

The Great Places vision is "Strong, bright and real".

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

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.

The vision and values are borne out of the Group's constituent parts and varied history, but they remain true and appropriate as we change and grow.

We maintain our ambition to be 'the best housing association in the North', where we have roots in communities and neighbourhoods. We work with vulnerable and disadvantaged individuals and groups to enhance their lives as well as provide homes which are safe, well-maintained, and which meet their needs and aspirations. With an ability to change and adapt in challenging times, we embrace different ways of working and new projects with a positive attitude.

The vision and values are reflected in our culture, in the way we go about our work, how we deal with our customers and staff, and the sense of vibrancy and energy which can be felt in any of our offices or projects.

- We come to work to make things happen, to make a difference and make people's lives better
- We approach everything with passion, professionalism and a desire to be the best
- We bring our different skills together to work in new and trailblazing ways

"**Right things, right way, right reason**" is our approach to ensuring that we put our energies into achieving corporate goals (right things), that policies and procedures are appropriate, refreshed and followed (the right way), and that customers are at the heart of everything we do (the right reasons).

We express our objectives through our seven Corporate Goals, two of which have priority.

CORPORATE GOAL 1: Becoming financially stronger

- We will carefully consider the short, medium and long-term implications of our business strategies;
- We will maximise our income streams and ensure we have secured the finance to meet our requirements;
- We will provide quality, cost-effective services, ensuring we compare well to others.

Ensuring the availability of sufficient funding is critical to the business in order to deliver our development programme and continue to grow. We have put in place new short term revolving facilities, have successfully obtained two AA credit ratings and we are planning to raise long term funding on the debt capital markets later in 2012.

The Group takes value for money extremely seriously, notwithstanding the new HCA regulatory standard that was introduced in April 2012. This is explored in more depth later in this report.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

As the majority of our tenants are in receipt of some form of benefit the impact of the Government's Welfare reforms will have a major impact on our customers and hence our business. Great Places invests heavily in the provision of financial support to our tenants - where other organisations are just starting to think about employing a Financial Inclusion Team, ours is fully embedded and is working well to help reduce arrears, minimise energy costs and prevent evictions as far as is reasonably possible.

CORPORATE GOAL 2: Providing excellent customer service

- We will improve our high levels of customer satisfaction;
- We will work together with our tenants to deliver truly exceptional services;
- We will put the needs and aspirations of our customers at the heart of everything we do.

We measure customer satisfaction through on-going telephone surveys, where we contact customers and find out their experience and views about the service they receive. We report the results through our "SATNAV" system.

At the end of March 2012, overall satisfaction was at **86.9%,** which means we are top quartile when benchmarked against our peers. This is based on almost 1,500 responses since April 2011.

One of the most significant projects underway to improve customer access and deliver improvements and efficiencies is our new Customer Relationship Management system ("Topcat"), which allows all staff to view information about a customer in one place. We now have over 180 staff using Topcat with over 100,000 contacts recorded since April 2011.

Amongst other significant achievements include the launch, in April 2012, of our mobile phone application ("app") to allow customers to interact with us through that medium, improving our approach to complaints handling and learning via our Complaints Learning Forum and rolling out our in-house Achieving Customer Excellence ("ACE") customer service training to all staff teams.

In November 2011, we were re-assessed for the government's Customer Service Excellence award, regaining accreditation, and becoming one of very few organisations nationally, and in any sector, to attain 100% compliance with all the required standards.

Other Corporate Goals

The two priority goals have been discussed above in some depth, the five other goals are:

- Engaged staff
- Invigorate deprived communities
- Building new affordable homes
- Well maintained homes
- Continuous improvement

Underpinning all of our priorities are the overarching, cross-cutting objectives of value for money, equality and diversity and environmental issues.

Engaged staff

- We will continue to attract, develop and retain a talented, skilled and motivated professional staff;
- We will adopt the best employment practices to create an environment where people are positively engaged in their work, and take a pride in the services they provide.

In 2011Great Places was placed 37th in the Sunday Times 100 Best Companies to work. This independent survey of staff attitudes to working at Great Places provides detailed analysis and feedback about employee engagement - information which we then act upon to improve our results. Our most recent internal information shows that 86% of our employees are proud to work for Great Places, and we are a top-performer in the sector for indicators around levels of sickness and staff turnover.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Invigorate deprived communities

- We will improve quality of life in areas of deprivation;
- We will take a lead on financial inclusion and develop training and employment opportunities;
- We will be a good example of how diverse communities can work closely together;
- We will build on our success of supporting vulnerable people.

Satisfaction with the Neighbourhood as a place to live is at 88.5%, whilst tenancy turnover has improved (reduced) to 9.2%.

Supported housing is an important element of the Great Places offer. In recent years the revenue funding has been under increasing pressure from cash-strapped Local Authorities. Our response has been to work in partnership with the funding bodies, to assist in identifying savings and where necessary to reduce our target surplus levels. However we have still seen some limited closure of schemes as a result and we will continue to have to make tough decisions the level of support we will continue to provide into the future.

We are also increasing our commitment to support our tenants into work, training and employment through Great Opportunities, our social enterprise team.

Building new, affordable homes

- We will continue to develop new homes to meet market demand;
- We will continue our track record of successfully delivering our HCA Development Programme within budget and on time.

We completed and handed over more than 600 new properties during 2011/12.

Well maintained homes

- We will have homes that are good quality, in good condition, safe and legally compliant;
- We will consistently deliver quality maintenance and investment services, promote energy efficiency measures and work to reduce fuel poverty.

We report 100% decent homes compliance and are also 100% gas safety compliant.

In September 2011 we introduced our in-house maintenance team to deliver day to day repairs to over 5,000 of our properties. This was in response to contractor failure and a desire to work in a more customer focussed way. The service is to be rolled out to an increasing proportion of our portfolio and also expanded to cover relet repairs. There are already clear signs of increasing customer satisfaction with an expectation of cost efficiencies as the service beds in.

In 2012/13 we have budgeted to invest almost £13M in our properties, primarily on replacement kitchens and bathrooms and upgraded heating systems. During 2011/12 we invested approaching £4M on photovoltaic panels for over 500 properties, generating significant savings in electricity bills for those tenants.

Continuous improvement

- We will embrace modern business practice and regularly review our policies, procedures and services to meet the aspirations of customers and employees;
- We will adopt the best business practices and seek out innovative ways of working.

We constantly strive to improve its performance, using the annual planning cycle and benchmarking to identify areas for improvement. Our Learning and Development plan also contributes to this, identifying and meeting training and development needs.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

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 2011/12 balanced scorecard:

Objective	Indicative measures	Results		Scorecard judgement
		Actual	Target	
PROVIDING EXCELLENT CUSTOMER SERVICE				
Customer satisfaction and complaints	Overall Satisfaction; Satisfaction with repairs service; Satisfaction with complaints handling;	86.9% 92.1% 55.9%	84.0% 90.0% 70.0%	Achieved
Customer Focussed Services	Repairs completed on time Repairs appointments made/kept Gas servicing compliance	95.9% 97.8% 100.0%	97.6% 99.0% 100.0%	Within tolerance
Customer Insight	% of customer profiling data gathered	88.0%	91.5%	Within tolerance
Invigorate deprived communities	Tenancy turnover Satisfaction with neighbourhood	9.2% 88.5%	10.2% 85.8%	Achieved
Well maintained homes	Compliance with Decent Homes standard Satisfaction with general condition of property Satisfaction with quality of home	100.0% 87.4% 87.6%	100.0% 86.0% 86.1%	Achieved
GETTING FINANCIALLY STRONGER				
Overall budget	Achievement of budget surplus	£7.1M	£5.3M	Achieved
Turnover	Achievement of budget turnover Void loss relet times Current arrears	£71.9M 27 days 4.1%	£66.9M 23.2 days 4.6%	Within tolerance
Operating costs	Achievement of budget	£54.4M	£53.2M	Achieved
Value for money	Satisfaction with VFM of rent	87.6%	88.4%	Within tolerance
Building new affordable homes	Satisfaction with new home Units started/completed	94.9% 385/58	90.0% 391/61	Achieved
ACHIEVING OUR OBJECTIVES				
Engaged staff	% planned L&D courses delivered Staff turnover Sickness absence	100% 12.3% 7.6 days	80.0% 7.5% 6.0 days	Achieved
Continuous improvement	Implementation of internal audit recommendation % of corporate improvement plan completed on time	85.0% 91.0%	80.0% 95.0%	Achieved

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Value for Money (VFM)

The HCA assumed the responsibilities of the TSA on 1st April 2012, and at the same time introduced a new VFM standard, with a requirement to provide a self assessment of compliance with the new standard which is proposed to be included in the OFR in future. This requirement does not apply to the 2011/12 financial year, but given the Group's ongoing efforts in respect of VFM, we have included a VFM section in the OFR this year.

The Group's VFM strategy aims to ensure our services achieve the VFM expectations of both our regulator and our residents.

A key aspect of the new standard is to consider "Return on assets", which, although not formally defined by the regulator, will consider both economic and social returns. This indicates a requirement to assess the return on different asset types and different geographical areas, highlighting the importance of current projects considering an enhanced disposal programme, stock rationalisation and reviewing our key worker offering.

We have been targeting actions to improve VFM at every level in the organisation and are committed to ensuring that services are delivered in an effective and efficient manner to represent the best possible VFM for our residents. Demand for and expectations of our services is constantly increasing, yet resources are limited, hence there is a constant search for savings that can be reinvested back into those services that have a major impact on residents lives and neighbourhoods.

We are using benchmarking and spend analysis in order to identify improvement priorities. During 2011/12 we have focussed on legal services, grounds maintenance and cleaning services. The review of grounds maintenance had significant impact, reducing the number of suppliers from 17 to 3, reducing spend by over £200k while improving customer satisfaction. This exercise is part of continuing efforts to move towards achieving cost reflective and cost effective, value for money service charges.

We are also reviewing our procurement activities with a view to improving systems and processes and driving savings through effective and consistent procurement practices.

VFM highlights	**2011/12**	**2010/11 restated**	**2009/10**
Financial VFM analysis			
Operating cost (excluding cost of sales) per home	£3,370.53	£3,460.95	£2,729.04
Management cost per home	£810.12	£880.68	£727.70
Planned and routine maintenance cost per home	£650.89	£610.01	£690.16
Rent void loss per home	£74.50	£58.07	£79.43
Housing management VFM analysis			
Current rent arrears	4.1%	4.4%	5.3%
Relet times GN	27 days	23 days	32 days
Residents satisfaction – overall	86.9%	81.6%	78.0%
Residents satisfaction - repairs	92.1%	74.2%	67.0%

Number of homes = total owned and/or managed per note 27.
Operating cost (excluding cost of sales), management cost, planned and routine maintenance cost and void loss all per note 3
Housing management performance indicators per balanced scorecard
Note: From 2011/12 repairs satisfaction is based on call backs to residents who have recently had a repair – this is a change to previous methodology.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Risk management framework

While risk is inherent and unavoidable in every activity that any organisation undertakes, Great Places' risk management strategy is designed to manage risks in the best possible way and reduce their potential for damage down to an acceptable level. Innovation and achievement will help us remain financially viable and commercially dynamic, but these always entail risk and we do not wish to turn the group into an excessively risk-averse organisation.

Risk is assessed by considering the combination of the likelihood of something happening and the impact it would have on achieving our business ambitions if it did happen. The resultant risk score is recorded in both the risk register and risk map. Additionally, an evaluation is made on the scope for improvement in mitigating the risk and, where appropriate, further actions are identified, assigned to individuals and given a target date. This helps us to use risk management to help inform decision making and resource allocation.

The risk register and risk map are regularly reviewed to ensure they are up to date in light of continuously changing circumstances.

The risk map and register is reported to the Board quarterly:

- To monitor whether or not the risk profile is changing;
- To provide assurance that risk management is working and is effective;
- To identify when further action is necessary.

Key risk description **(O = opportunity, U = uncertainty, T = threat)**	**Action being taken**
Adverse impact of Government policies (T) Welfare benefit reform Affordable rent regime Localism Act	• Welfare benefit working group • Financial inclusion team • Co-regulation review
Retain a significant development programme (T) Losing market share of funding to competition Uncertainty around post 2015 funding regime Financial viability of future regime Insufficient financial capacity	• Remain a valued HCA partner • Invest in longer term projects such as Oldham PFI and Sheffield Housing Company • Review delivery arrangements • Review disposals as a source of capacity
Achieving high levels of customer satisfaction by delivering high quality homes & services (O) Not achieving levels of resident satisfaction Not achieving sufficient customer involvement New initiatives fail to deliver desired outcomes Difficult to meet changing customer expectations Challenge of differing customer profiles	• Tenant Services Committee provides customer focus • "Satnav" system enhances understanding and timeliness of satisfaction monitoring • Introduction of In house maintenance team • Implementation of TOPCAT system • Renewed focus on customer insight/ profiling activity
Maintaining Supported Housing activities (T) Reductions in Supporting People income Costs of staffing relative to competition Impact of Personalisation agenda Threat to scheme viability Doubts around longer term scheme suitability	• Key relationship management with LAs • Seeking alternate income sources • Ensure we provide a flexible offer • Schemes developed in last 10 years have built in alternate uses • Older persons team and review

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Key risk description (O = opportunity, U = uncertainty, T = threat)	Action being taken
Adverse impact of economic/financial market issues (T) Availability, pricing and covenants for new funding Economic issues – Eurozone recession, interest rates etc Housing market affects sales/staircasing Low inflation constrains rental growth Pension fund deficit	• Maintain relationships with range of funders, achieve good credit rating and plan for capital market issue • Hedging strategy • Disposals strategy • Growing the surplus • SHPS review of structures
Our internal processes and systems do not keep pace with growth or other changes (T) Capacity of specialist teams to keep up with needs of organisation Capacity of the organisation to manage change, particularly multiple, simultaneous change Loss of key staff Impact of legislative change	• Ongoing review of prioritisation of resources and ability to turn down opportunities • Project management approach • Experienced in change management • Focus on development of staff both internally and externally

Other risks specifically addressed in the year include the following:

- During the year the Group has re-emphasised to all staff its fraud and misappropriation policy, has embedded a new money laundering policy and has responded to the requirements of the Bribery Act.

- One of the conditions of bidding for an Affordable rent development contract has been a requirement to meet the government's transparency agenda, and we now publish details of all costs over £500 related to that contract on our website.

Capital structure, treasury policy, cash flows and liquidity
The Group borrowed £45.3million during the year: With debt repayments, the net increase in debt was £41.7million: This funded the Group's ongoing development activity and the completion of the major investment programme in Sheffield.

Table 2: Capital Structure					
As at 31 March	**2012**	**2011**	**2010**	**2009**	**2008**
Maturity	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	1,651	1,697	2,508	1,408	1,517
Between one and two years	1,684	1,725	2,548	1,418	1,467
Between two and five years	6,945	5,411	7,786	4,391	4,701
After five years	324,227	284,001	247,641	238,461	167,966
TOTAL	**334,507**	**292,834**	**260,483**	**245,678**	**175,651**
Fixed	210,484 (63%)	194,551 (66%)	199,372 (76%)	147,414 (60%)	126,642 (72%)
Variable	124,023 (37%)	98,283 (34%)	61,111 (24%)	98,264 (40%)	49,009 (28%)
New facilities (2007 onwards)	291,296	246,017	211,996	194,495	117,253
Legacy debt (pre 2007)	43,211	46,817	48,487	51,183	58,398

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

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

The approved Hedging Strategy identifies an approach that allows for flexibility and caters for a changing interest rate environment, setting targets across a range of interest rates. Currently the strategy aims to keep between 50% and 70% of borrowings at fixed rates of interest. Interest rate swaps are used to provide a hedge against the Group's exposure to interest rate fluctuations. The hedging strategy is regularly updated to ensure it remains appropriate in an ever changing financial climate and also in response to the Group's funding strategy and proposed capital market issue.

Table 2 shows that at 31 March 2012 the Group had 63% fixed rate debt and 37% variable rate debt. This ratio will move towards a slightly higher variable proportion in the first half of 2012/13, in anticipation of a fixed rate capital market issue midway through 2012/13 which will shift the balance sharply to a higher fixed proportion.

Table 3: Standalone Swaps – Mark to Market Exposure

Counterparty	Unsecured Threshold	Mark to Market Exposure	Collateral requirement	Property	Cash
Counterparty A	£7,500,000	£5,072,218	£0	£0	£0
Counterparty B	£7,500,000	£8,486,702	£986,702	£0	£986,702
Counterparty C	£3,000,000	£8,841,407	£5,841,407	£0	£5,841,407
Counterparty D	£4,900,000	£4,868,322	£0	£0	£0
Counterparty E	£3,000,000	£639,639	£0	£0	£0
TOTAL	**£25,900,000**	**£27,908,288**	**£6,828,109**	**£0**	**£6,828,109**

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 £6.8M of cash as security to its counterparties as shown in table 3 above (included within investments on the balance sheet). Work is ongoing to convert a proportion of the security requirement to property. The Group has a strategy to focus on shorter term instruments and to extend its range of counterparties in order to control further potential mark to market exposure. In line with that strategy entered £20m of new short term swaps during the year with a new counterparty.

The fixed rates of interest range from 2.30% 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 1 (page 5). The Group's position is monitored on an on-going basis. Our latest management accounting information and business plan projections confirm that the Group is in compliance with its loan covenants at the balance sheet date and we expect to remain compliant in the foreseeable future.

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

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Cash flows
Cash flows during the year are shown in the consolidated cash flow statement (page 26). The major influence on the scale and timing of future borrowings is the Group's future development programme.

The Group business plan identifies gross funding requirements of £46m in 2012/13 and £35m in 2013/14 – a total of £81m. At March 2012, undrawn facilities amount to £114m, which includes £70m of new facilities arranged in the final quarter of 2011/12.

Liquidity, cash management and investment
The Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group shall ensure it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft, revolving credit or other stand-by facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business and service objectives.

The Group holds its surplus cash as cash or cash equivalents and will not invest in gilts, equities or other non-money assets.

Accounting policies
The Group's principal accounting policies are set out on pages 28 to 32 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of improvements, housing property depreciation, impairment and the treatment of shared ownership properties. The financial statements for March 2012 reflect the new requirements of component accounting in accordance with the SORP 2010.

Future developments
Our Framework Delivery Agreement signed by the HCA in September 2011 will see the Group deliver 1,281 properties in the four year period ending March 2015. The total programme cost is £158M with just under £30m of grant funding. Internal subsidy of £16m has initially been allocated to ensure the programme meets the Group's financial return requirements. This represents the largest programme in the North West and we are confident in our ability to deliver the HCA's required outcomes.

Regulation
Great Places has enjoyed excellent working relations with its regulators for many years, working in conjunction with both the HCA and TSA on a local and national basis. The Group is a key HCA Development partner, is also a Delivery Panel Partner, and is considered low risk by the TSA. Following the abolition of the TSA from April 2012, the Group will aim to ensure it establishes a sound working relationship with the enlarged HCA and its regulatory sub-committee.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Report of the Board

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. In recognition of the increasing challenges and responsibilities facing the Board and the time and effort they put into performing their duties, the Group remunerates its Board members and formalises these arrangements through individual Board member service contracts.

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. All of the executive directors served throughout the year.

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

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

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

Staff Pension costs
The Group participates in four defined benefit pension schemes, the Social Housing Pension Scheme (SHPS – 211 staff participate),the Pension Trust Growth Plan (PTGP – 3 staff participate), the South Yorkshire Pension Fund (SYPF - 12 participants) and the Greater Manchester Pension fund (GMPF - 8 participants).

SYPF is a final salary related scheme open to employees that work on the Sheffield stock transfer estates. GMPF is a final salary related scheme open to employees that work on the Oldham PFI.

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 4.4% and 8.2%, together with a further lump sum payment to address the historic deficit.

The most recent formal actuarial valuation of SHPS was undertaken as at 30 September 2011, at which date the scheme has reported a deficit of £1,035M (67% funded) compared to £663M (69.7% funded) at September 2008). SHPS are currently consulting around a deficit reduction plan that will include a revised benefit structure and increased contributions to cover the historic deficit.

Additionally from October 2010, a SHPS defined contribution scheme has been available (1 participant). This scheme will form the offer when auto-enrolment impacts Great Places from November 2013.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

At 31st March 2012, 8 employees working in the in-house maintenance team, who transferred to Great Places under TUPE, participated in 2 separate DC schemes.

Donations
During the years ended 31 March 2012 and 2011 the Group has made no political contributions and any charitable donations were made during the course of its ordinary activities.

Internal controls assurance
The Group Board acknowledges that it is ultimately responsible for ensuring that the Group establishes and maintains a system of internal control appropriate to its operating and business environment and that it reviews the effectiveness of that system.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only 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 has been in place throughout the period commencing 1 April 2011 up to the date of approval of the report and financial statements.

Key principles within the control framework include:

- Robust policies and procedures, with compliance monitored on a ongoing basis and with a regular review process;
- A strong, independent, outsourced Internal Audit function; and
- A commitment to a quality assurance approach for all our activities.

Key elements within those principles include:

- Approved terms of reference for the Board and delegated authorities for its committees and the executive team, including the Group Audit Committee;
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- Established authorisation and appraisal procedures for new initiatives and commitments;
- A risk based internal audit programme delivered by an external provider: In the last 12 months the direct channel between the Internal Auditor and the Chief Executive has been reinforced, the management of the Internal Audit programme enhanced and the rate of implementation of Internal Audit Recommendations has reached new highs;
- Undertaking management review, a new risk based quality process, benchmarking and other external review of performance and key internal and external 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;
- A sophisticated approach to treasury management which is subject to regular internal audit as well as external review each year;
- Regular reporting to the appropriate Board, Committee or other forum on key business objectives targets and outcomes;
- Group Board approved staff conduct, whistle blowing and anti theft and corruption policies;
- Group Board approved fraud policies, covering prevention, detection and reporting together with recoverability of assets;
- The Group has an anti fraud and misappropriation policy and a policy to aid the recognition and prevention of money laundering. Action has been taken to increase staff awareness of these policies and also to ensure the Group was prepared for the introduction of the Bribery Act in July 2011;

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

- Registers for Fraud, Hospitality and Gifts that are maintained and which are available for review by the audit committee; and
- Regular monitoring of loan covenants, cash flow requirements and future requirements for new loan facilities;

The Board recognises its responsibility for the system of internal control and for reviewing its effectiveness. The Board cannot delegate ultimate responsibility for the system of internal control, but has delegated authority to the Audit Committee to regularly review the effectiveness of that system.

To assist the Audit Committee in the review process, it has received the Chief Executive's report regarding the effectiveness of the system of internal control for the Group and its subsidiaries, and the annual report of the internal auditor. The Audit Committee has conducted its own review of the effectiveness of the systems currently in place, has reported its findings to the Board and has confirmed that all necessary actions have been taken to remedy any significant failings or weaknesses which may have been identified during the review.

The Board receives regular updates from the Audit Committee as well as the minutes of its meetings.

The Board is therefore able to confirm that the system of internal controls is ongoing and has been in place for the year to 31st March 2012 and up to the date of the approval of the annual report and accounts. The Board also 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.

The board confirms that no weaknesses were found in the internal controls for the year ended 31st March 2012 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

NHF Code of Governance
The Group Board has adopted the NHF Code of Governance "Excellance in Governance" (revised in July 2010) as the Governance code for the Group.

Governance and our structure
The Group structure is simple: Whilst GPHG has ultimate control, GPHA has responsibility for the management of our general needs and supported properties, Plumlife is responsible for low-cost home ownership and leasehold management and Cube Great Places exists to provide the Group with a vehicle to undertake outright sale activity.

The structure also includes a Tenant Services Committee (TSC) which comprises a majority of tenants and is chaired by a Tenant. The TSC has responsibility for customer facing policy and service development and performance monitoring. The TSC ensures that tenants are at the heart of decision-making, providing challenge and scrutiny and providing a clear link to the Group Board.

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's business plan which demonstrates that the Group has funding facilities in place that will last for over three years and that it is fully able to service its debt facilities whilst continuing to comply with all its funders' covenants. Therefore the board continues to adopt the going concern basis in the financial statements.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

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

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Industrial and Provident Societies legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Industrial and Provident Society legislation the directors must not approve the financial statements unless there are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Association for that period.

In preparing these financial statements the Board members are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP): Accounting by Registered Providers Update (2010) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. 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 the maintenance and integrity of the corporate and financial information on the Association'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.

Annual general meeting
The annual general meeting will be held on 27th September 2012 at Southerngate, Manchester.

External auditors
A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming AGM.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Disclosure of information to auditors
At the date of making this report each of the 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.

Statement of compliance
In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the SORP 2010.

The report of the Board was approved by the Board on 26 July 2012 and signed on its behalf by:

Phil Elvy
Company Secretary

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

Independent auditor's report to the members of Great Places Housing Group Limited

We have audited the financial statements of Great Places Housing Group Limited for the year ended 31 March 2012 which comprise the Consolidated and Association income and expenditure accounts, the Consolidated and Association statement of total recognised surpluses and deficits, the Consolidated and Association reconciliation of movements in funds, the Consolidated and Association balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the housing 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 housing 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 housing association and the housing 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 auditor

As explained more fully in the Statement of Responsibilities of the Board on page 18, the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2012 and of the Group's and Association's income and expenditure for the year then ended;
- have been prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Note	2012 £'000	2011 (Restated*) £'000
Turnover: Group and share of joint venture		**72,471**	67,505
Less: share of joint venture's turnover		**(404)**	(639)
Group turnover	3	**72,067**	66,866
Operating costs	3	**(54,398)**	(54,413)
Operating surplus	4	**17,669**	12,453
Surplus on sale of fixed assets – housing properties	5	**554**	1,816
Share of operating profit of joint venture	13	**5**	25
Interest receivable	6	**172**	127
Interest payable and similar charges	7	**(11,024)**	(11,326)
Surplus on ordinary activities before taxation		**7,376**	3,095
Tax on surplus on ordinary activities	9	**(96)**	(181)
Surplus for the financial year	23	**7,280**	2,914

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 28 to 60 form part of these financial statements.

The financial statements were approved by the Board of Directors on 26th July 2012

Board member Board member Secretary

*The comparatives for the year-ended 31 March 2011 have been restated as the Group has introduced component accounting in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010. Further detail can be found in note 31 to these financial statements.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Turnover	3	**11,555**	10,441
Operating costs	3	**(11,297)**	(10,275)
Operating surplus	4	**258**	166
Interest receivable and other income	6	**8,937**	8,530
Interest payable and similar charges	7	**(8,935)**	(8,530)
Surplus on ordinary activities before taxation		**260**	166
Tax on surplus on ordinary activities	9	**(33)**	(83)
Surplus for the financial year	23	**227**	83

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 28 to 60 form part of these financial statements.

The financial statements were approved by the Board of Directors on 26th July 2012

Board member Board member Secretary

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2012

	Group		Association	
	2012	2011 (Restated)	2012	2011
	£'000	£'000	£'000	£'000
Surplus for the financial year	7,280	2,914	227	83
Actuarial gain (note 32)	38	7	-	-
Total recognised surplus relating to the year	7,318	2,921	227	83
Prior year adjustment (note 31)	(29,024)		-	
Total recognised surplus/(deficit) since last report	(21,706)		227	

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

For the year ended 31 March 2012

	Group		Association	
	2012	2011 (Restated)	2012	2011
	£'000	£'000	£'000	£'000
Opening total funds as previously stated	71,162	66,043	402	319
Prior year adjustment (note 31)	(29,024)	(26,826)	-	-
Opening total funds as restated	42,138	39,217	402	319
Total recognised surpluses relating to the year	7,318	2,921	227	83
Closing total funds	49,456	42,138	629	402

CONSOLIDATED BALANCE SHEET

At 31 March 2012

	Note	2012 £'000	2011 (Restated) £'000
Tangible fixed assets			
Housing properties at cost	11	**923,329**	826,337
Social housing grant	11	**(502,638)**	(454,203)
Depreciation and impairment	11	**(61,013)**	(53,970)
		359,678	318,164
Other tangible fixed assets	12	**7,776**	7,813
		367,454	325,977
Fixed Asset investments			
Investments	26	**2**	-
Homebuy initiative		**10,167**	10,380
Less: Social housing grant		**(10,167)**	(10,380)
		2	-
Investment in joint venture:			
Share of gross assets		**205**	155
Share of gross liabilities		**(195)**	(145)
	13	**10**	10
Total investments		**12**	10
Total fixed assets		**367,466**	325,987
Current assets			
Properties for sale and work in progress	14	**13,075**	13,454
Debtors	15	**18,375**	19,540
Investments	16	**10,406**	335
Cash at bank and in hand		**6,277**	10,817
		48,133	44,146
Creditors: Amounts falling due within one year	17	**(34,053)**	(37,245)
Net current assets		**14,080**	6,901
Total assets less current liabilities		**381,546**	332,888
Creditors: Amounts falling due after more than one year	18	**331,919**	290,534
Pension liability	32	**222**	216
Pension asset	32	**(51)**	-
		332,090	290,750
Capital and reserves			
Share capital (non-equity)	22	**-**	-
Designated reserve	23	**182**	-
Revenue reserve	23	**49,274**	42,138
Consolidated funds		**49,456**	42,138
		381,546	332,888

The notes on pages 28 to 60 form part of these financial statements.

The financial statements were approved by the Board on 26th July 2012 and signed on its behalf by:

Board member　　Board member　　Secretary

ASSOCIATION BALANCE SHEET

At 31 March 2012

	Note	2012 £'000	2011 £'000
Other tangible fixed assets	12	**2,027**	1,963
Fixed asset investments	26	**2**	-
Total fixed assets		**2,029**	1,963
Debtor: Amounts falling due after one year	15	**271,300**	246,019
Current assets			
Debtors	15	**4,348**	2,908
Investments	16	**8,769**	55
Cash at bank and in hand		**471**	53
		13,588	3,016
Creditors: Amounts falling due within one year	17	**(15,174)**	(4,579)
Net current (liabilities)		**(1,586)**	(1,563)
Total assets less current liabilities		**271,743**	246,419
Creditors:			
Amounts falling due after more than one year	18	**271,296**	246,017
Capital and reserves			
Share capital	22	**-**	-
Revenue reserve	23	**447**	402
Association's funds		**447**	402
		271,743	246,419

The notes on pages 28 to 60 form part of these financial statements.

The financial statements were approved by the Board on 26th July 2012 and signed on its behalf by:

Board member   Board member   Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	(i)	**22,279**	24,313
Returns on investments and servicing of finance			
Interest received		**172**	127
Interest paid		**(11,359)**	(10,217)
		(11,187)	(10,090)
Taxation paid			
Corporation tax paid		**(174)**	(170)
Capital expenditure			
Purchase and construction of housing properties		**(114,951)**	(110,099)
Social housing grant received		**52,740**	42,496
Sale of housing properties (net)		**17,435**	10,773
Purchase of other fixed assets		**(940)**	(1,043)
		(45,716)	(57,873)
Management of liquid resources			
Cash placed on fixed term deposit		**(27,226)**	(1,885)
Cash withdrawn from fixed term deposit		**17,155**	10,249
		(10,071)	8,364
Financing			
Loans received		**45,583**	34,300
Loans repaid		**(3,900)**	(1,949)
Property leases repaid		**(94)**	(704)
Loan issue costs incurred		**(1,260)**	(845)
		40,329	30,802
Decrease in cash	(iii)	**(4,540)**	(4,654)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2012

		2012	2011 (Restated)
		£'000	£'000
(i)	**Reconciliation of operating surplus to net cash inflow from operating activities**		
	Operating surplus	**17,669**	12,453
	Depreciation of tangible fixed assets	**7,814**	7,860
	Impairment of tangible fixed assets	**500**	539
	Amortisation of issue costs	**230**	731
	FRS17 service cost	**16**	(37)
	Income from joint venture	**5**	25
		26,234	21,571
	Working capital movements		
	Debtors	**3,434**	(4,459)
	Creditors	**(8,626)**	6,721
	Properties for sale	**1,237**	480
	Net cash inflow from operating activities	**22,279**	24,313

		2012	2011
		£'000	£'000
(ii)	**Reconciliation of net cash flow to movement in net debt**		
	Decrease in cash	**4,540**	4,654
	Cash used to repay loans	**(3,900)**	(1,949)
	Cash received from loans	**45,583**	34,300
	Leases repaid	**(94)**	(704)
	Cash used to (decrease)/increase liquid resources	**(10,071)**	8,364
	Other non-cash movement	**(10)**	-
	Change in net debt	**36,048**	44,665
	Net debt at 1 April	**282,890**	238,225
	Net debt at 31 March	**318,938**	282,890

(iii)	**Analysis of changes in net debt**	At 1 April 2011	Cash Flows	**At 31 March 2012**
		£'000	£'000	**£'000**
	Cash and bank	10,817	(4,540)	**6,277**
		10,817	(4,540)	**6,277**
	Debt	(292,834)	(41,673)	**(334,507)**
	Finance leases	(1,208)	94	**(1,114)**
		(294,042)	(41,579)	**(335,621)**
	Current asset investments	335	10,071	**10,406**
		(282,890)	(36,048)	**(318,938)**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

1. Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is a registered housing provider.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010 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 acquisition accounting.

Turnover and revenue recognition

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.

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. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

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. GPHA, 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.

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 liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. 31 March 2012

Accounting policies (continued)

Value added tax (VAT)

The Group is VAT registered. However, excluding Terra Nova, a large proportion of its 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 30); VAT on works carried out under the VAT shelter is fully recoverable. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

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) received in advance; or
b) interest on borrowings of the Group 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.

Derivatives

The Group uses interest rate swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on loans.

Pensions

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

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, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme costs are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised surpluses and deficits.

The Group also participates in three defined contribution schemes operated by Aviva, B&CE Benefit Schemes and the Social Housing Pension Scheme.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

2. Accounting Policies (continued)

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.

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 which replace a component that has been treated separately for depreciation purposes are capitalised Works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

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 (SHG)

SHG is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital cost of housing properties, including land costs. It is allocated to the land and structure components of the associated asset in proportion to their cost. Grant receivable in respect of identifiable components is allocated to those components.

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.

Where individual components are disposed of and this does not create a relevant event for recycling purposed, any grant which has been allocated to the component is released to the income and expenditure account. Upon disposal of the associated property, the Group is required to recycle these proceeds and as such a contingent liability is disclosed to reflect this.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

2. Accounting Policies (continued)

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

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Where SHG has been allocated to a component; the depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to the component, less residual value.

The Group depreciates the major components of its housing properties at the following annual rates:

Structure	1% - 2%
Roofs	1.67%
Heating	6.67%
Kitchens	6.67%
Bathrooms	4%
Windows and doors	4%
Lifts	4%
Solar Panels	4%

Freehold land is not depreciated.

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

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.

Impairment

Housing properties, including those with individual components, 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, being the higher of the net realisable value or the value in use to the group. Any such write down is charged before arriving at operating surplus.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2012

2. Accounting Policies (continued)

Other tangible fixed assets

Other fixed assets are initially recognised at cost. Depreciation is provided evenly 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

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 Group Limited has investments in two joint ventures, Inspiral Oldham Limited and Keepmoat Great Places Limited. On consolidation this has been accounted for under the Gross Equity Method of Accounting for Joint Ventures in accordance with FRS 9.

Great Places Housing Association also has an investment in a joint venture, Reviva Urban Renewal Limited. On consolidation this has also 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 (where funds are held on behalf of third parties) 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.

Designated reserves

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

NOTES TO THE FINANCIAL STATEMENTS

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

GROUP — **2012**

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating surplus £'000
Social housing lettings	**57,995**	**-**	**(42,206)**	**15,789**
Other social housing activities				
Supporting people	3,849	-	(4,623)	(774)
Properties managed on behalf of other organisations	828	-	(369)	459
First tranche shared ownership sales	2,451	(2,163)	-	288
Homebuy direct income	734	-	(242)	492
Marketing income	248	-	(387)	(139)
Development activities	3,059	-	(2,968)	91
Other	2,445	-	(1,224)	1,221
	13,614	**(2,163)**	**(9,813)**	**1,638**
Non-social housing activities				
Market and commercially rented	458	-	(216)	242
	458	-	(216)	242
	72,067	**(2,163)**	**(52,235)**	**17,669**

GROUP — **2011**

	Turnover £'000	Cost of Sales £'000	Operating Cost (Restated) £'000	Operating surplus (Restated) £'000
Social housing lettings	**52,488**	**-**	**(43,360)**	**9,128**
Other social housing activities				
Supporting people	4,076	-	(4,621)	(545)
Properties managed on behalf of other organisations	1,371	-	(230)	1,141
First tranche shared ownership sales	1,354	(1,132)	-	222
Homebuy direct income	1,285	-	(269)	1,016
Marketing income	274	-	(249)	25
Development activities	3,083	(251)	(2,885)	(53)
Other	2,081	-	(1,354)	727
	13,524	**(1,383)**	**(9,608)**	**2,533**
Non-social housing activities				
Developments for sale	423	202	(6)	619
Market and commercially rented	431	-	(258)	173
	854	202	(264)	792
	66,866	**(1,181)**	**(53,232)**	**12,453**

ASSOCIATION — **2012**

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating surplus £'000
Management and development services	11,555	-	(11,479)	76
	11,555	**-**	**(11,479)**	**76**

2011

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating surplus £'000
Management and development services	10,441	-	(10,275)	166
	10,441	**-**	**(10,275)**	**166**

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

	2012					2011 (Restated)
	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	43,590	4,017	1,196	1,921	50,724	44,827
Service income	2,193	2,870	-	136	5,199	5,315
Charges for support services	141	503	-	-	644	638
Net rental income	**45,924**	**7,390**	**1,196**	**2,057**	**56,567**	**50,780**
Other income	690	492	245	1	1,428	1,708
Turnover from social housing lettings	**46,614**	**7,882**	**1,441**	**2,058**	**57,995**	**52,488**
Management	12,247	409	163	262	13,081	13,486
Services	2,799	2,709	820	180	6,508	6,453
Routine maintenance	8,199	837	193	33	9,262	8,202
Planned maintenance	1,059	176	13	-	1,248	1,390
Major repairs expenditure	3,973	199	(125)	-	4,047	6,274
Bad debts	346	158	3	5	512	145
Property lease charges	246	127	-	-	373	288
Depreciation of housing properties	5,520	565	128	432	6,645	6,840
Depreciation of leased properties	3	-	-	-	3	45
Impairment of housing properties	-	-	500	-	500	208
Other costs	24	-	3	-	27	29
Operating costs on social housing lettings	**34,416**	**5,180**	**1,698**	**912**	**42,206**	**43,360**
Operating surplus/(deficit) on social housing lettings	**12,198**	**2,702**	**(257)**	**1,146**	**15,789**	**9,128**
Void losses	400	373	430	-	1,203	913

NOTES TO THE FINANCIAL STATEMENTS

4. Operating surplus

The operating surplus is arrived at after charging:

	Group		Association	
	2012	2011 (Restated)	2012	2011
	£'000	£'000	£'000	£'000
Depreciation of housing properties	6,836	6,956	-	-
Depreciation of leased properties	3	45	-	-
Impairment of housing properties	500	208	-	-
Impairment of other tangible fixed assets	-	331	-	-
Depreciation of other tangible fixed assets	975	997	872	781
Auditors' remuneration (including VAT)				
- for audit of the financial statements	55	52	7	7
- for other services relating to taxation	7	6	4	3
- for other services relating to funding	25	-	-	-
- for the service charge audits	16	16	-	-

5. Surplus on sale of fixed assets – housing properties

	Group		Association	
	2012	2011 Restated	2012	2011
	£'000	£'000	£'000	£'000
Disposal proceeds (net of costs)	9,685	5,632	-	-
Carrying value of fixed assets	(6,842)	(2,396)	-	-
	2,843	3,236	-	-
Capital grant recycled (note 20)	(2,029)	(933)	-	-
Disposal proceeds fund (note 21)	(260)	(487)	-	-
	554	1,816	-	-

6. Interest receivable and other income

	Group		Association	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Interest receivable and similar income	172	127	4	-
Loan interest recharged to Group companies	-	-	8,933	8,530
	172	127	8,937	8,530

7. Interest payable and similar charges

	Group		Association	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Finance leases	160	143	-	-
Loans and bank overdrafts	11,483	11,029	8,935	8,530
Other finance costs	63	11	-	-
Amortisation of arrangement fees	230	731	-	-
	11,936	11,914	8,935	8,350
Interest payable capitalised on housing properties under construction	(912)	(588)	-	-
	11,024	11,326	8,935	8,530

Capitalised interest was charged at rates of 0.76% (2011: 0.30%) receivable and 4.3% (2011: 4.3%) payable.

NOTES TO THE FINANCIAL STATEMENTS

8. Gift aid

A gift aid payment of £1,000,000 was made by Plumlife Homes Limited to Great Places Housing Association on 30 March 2012.

A gift aid payment of £100,000 was approved in March 2012 to be made by Terra Nova Developments to its charitable parent, GPHA and is reflected in the financial statements.

These are eliminated on consolidation.

9. Tax on surplus on ordinary activities

	Group		Association	
	2012	**2011 Restated**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Current tax				
UK corporation tax charge for year	127	205	72	111
Adjustments in respect of prior years	6	-	5	-
	133	205	77	111
Deferred tax				
Net origination and reversal of timing differences	(27)	(21)	(34)	(26)
Adjustments in respect of prior years	(10)	-	(10)	-
Effect of tax rate change on opening balance	-	(3)	-	(2)
	96	181	33	83
Current tax reconciliation				
Surplus on ordinary activities	7,194	2,967	78	166
Less: exempt due to charitable status of subsidiary association	(6,894)	(2,398)	-	-
	300	569	78	166
Whereon corporation tax at the standard rate of 26% (2011: 28%)	78	159	20	46
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	37	37	23	37
Additional deduction for R&D expenditure	(7)		(7)	-
Income not taxable for tax purposes – fixed assets	(19)	(39)	-	-
Chargeable gains	14	27	-	-
Other short term timing differences	(12)	(21)	(5)	(17)
Adjustments to tax charge in respect of previous periods	6	-	5	-
Marginal relief	(5)	(3)		-
Utilisation of tax losses and other deductions	(7)	-	(7)	-
Capital allowances in excess of depreciation	48	45	48	45
Current tax charge	**133**	**205**	**77**	**111**

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	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Emolument of the Association's executive directors including pension contributions	622	620	622	620
Emoluments of the chief executive, who was also the highest paid executive director, excluding pension contributions	155	155	155	155

The amounts shown above are in relation to the Group's executive directors who were paid solely in respect of the performance of their duties and exclude emoluments and expenses paid to other non executive members of the Great Places Board and its subsidiary Boards and Committees during the year of £39,000 (2011: £40,000 restated).

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 £12,505 (2011: £12,505) was paid by the employer in addition to those made by the chief executive himself.

On 1 April 2010, the Social Housing Pension Scheme (SHPS) started to collect contributions in respect of historic pension deficits through a lump sum payment levied on the employer, rather than a percentage that could be directly attributed to individual SHPS members. As such the historic deficit pension contributions relating to the Directors cannot be ascertained and are not included in the figures above.

NOTES TO THE FINANCIAL STATEMENTS

11. Tangible fixed assets – housing properties

GROUP

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 2011 (restated)	697,744	7,937	38,900	73,594	8,162	826,337
Additions	30,326	17	61,766	933	12,141	105,183
Transfer (to)/from current assets	-	-	-	-	(858)	(858)
Works to existing properties	8,982	-	-	-	-	8,982
Interest capitalised	-	-	536	-	326	862
Schemes completed	42,881	-	(42,881)	7,306	(7,306)	-
Disposals	(15,954)	(58)	-	(1,165)	-	(17,177)
At 31 March 2012	763,979	7,896	58,321	80,668	12,465	923,329
Social housing grant						
At 1 April 2011	389,033	1,237	27,669	30,492	5,772	454,203
Additions	26,435	-	29,171	662	2,525	58,793
Schemes completed	18,990	-	(18,990)	5,622	(5,622)	-
Disposals	(9,818)	-	-	(12)	(528)	(10,358)
At 31 March 2012	424,640	1,237	37,850	36,764	2,147	502,638
Depreciation and impairment						
At 1 April 2011 (restated)	50,275	779	-	2,916	-	53,970
Charged in year	6,347	60	-	432	-	6,839
Impairment	500	-	-	-	-	500
Released on disposal	(268)	-	-	(28)	-	(296)
At 31 March 2012	56,854	839	-	3,320	-	61,013
Net book value						
At 31 March 2012	**282,485**	**5,820**	**20,471**	**40,584**	**10,318**	**359,678**
At 31 March 2011 (restated)	**258,436**	**5,921**	**11,231**	**40,186**	**2,390**	**318,164**

NOTES TO THE FINANCIAL STATEMENTS

11. Tangible fixed assets – properties (continued)

GROUP

Expenditure to works on existing properties	**2012**	**2011 (Restated)**
	£'000	**£'000**
Amounts capitalised	8,982	14,963
Amounts charged to income and expenditure account	4,047	6,274
	13,029	21,237

Social housing grant	**2012 £'000**	**2011 £'000**
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	502,638	454,203
Revenue grant	32,487	22,147
	535,125	476,350

Housing properties book value, net of depreciation and grants	**2012**	**2011 (Restated)**
	£'000	**£'000**
Freehold land and buildings	328,218	288,896
Long leasehold land and buildings	31,460	29,268
	359,678	318,164

The net book value of housing properties assets includes £nil (2011: £3,000) in respect of properties held under finance leases. Depreciation charged in the year on these assets amounted to £3,000 (2011: £45,000).

Impairment

An impairment charge of £500,000 (2011: £208,000) was made in the year. This was in respect of four blocks of flats at Fairfield Hospital, Bury which are likely to be demolished as part of negotiations with the NHS Trust to agree a mutually beneficial position in respect of the properties managed there. The value of these properties has been written down to their estimated value in use assuming their present use is maintained (this also equates to the estimated value in use on an alternate basis and their presently estimated net realisable value).

Component Accounting

The Group has adopted the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2010 at 31 March 2012. This has required the Group to identify the major components which make up its housing property assets and depreciate these over individual useful economic lives.

Prior period balances have been adjusted to reflect this change in accounting policy, which has decreased the net book value of housing properties by £29M. Further details of this adjustment are provided in note 31.

ASSOCIATION

The association has no housing property assets.

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets – other

GROUP

	Leasehold improvements	Freehold offices	Furniture, fixtures & fittings	Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2011	351	6,787	68	3,339	56	10,601
Additions	-	2	-	936	-	938
Disposals	-	-	-	(611)	-	(611)
At 31 March 2012	**351**	**6,789**	**68**	**3,664**	**56**	**10,928**
Depreciation and impairment						
At 1 April 2011	326	1,008	25	1,388	41	2,788
Charged in year	21	66	13	864	11	975
Released on disposal	-	-	-	(611)	-	(611)
At 31 March 2012	**347**	**1,074**	**38**	**1,641**	**52**	**3,152**
Net book value						
At 31 March 2012	**4**	**5,715**	**30**	**2,023**	**4**	**7,776**
At 31 March 2011	**25**	**5,779**	**43**	**1,951**	**15**	**7,813**

ASSOCIATION

	Computers	Motor vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 April 2011	3,339	36	3,375
Additions	936	-	936
Disposals	(611)	-	(611)
At 31 March 2012	**3,664**	**36**	**3,700**
Depreciation			
At 1 April 2011	1,388	24	1,412
Charge for the year	864	8	872
Released on disposal	(611)	-	(611)
At 31 March 2012	**1,641**	**32**	**1,673**
Net book value			
At 31 March 2012	**2,023**	**4**	**2,027**
At 31 March 2011	**1,951**	**12**	**1,963**

NOTES TO THE FINANCIAL STATEMENTS

13. Investment in joint ventures

	Group 2012 £'000	Group 2011 £'000	Association 2012 £'000	Association 2011 £'000
Investment in Reviva	10	10	-	-
Investment in KGP	-	-	-	-
Investment in Inspiral	-	-	-	-
Investment In Inspiral Oldham Developments LLP	-	-	-	-
	10	10	-	-

Reviva Urban Renewal Limited ("Reviva") is a company in which the Group has a one third interest, through its subsidiary GPHA. The other parties to the joint venture are Mosscare Housing Limited and Irwell Valley Housing Association.

Reviva made a profit of £nil for the period (2011: £nil), the Group's share of which is £nil (2011: £nil). Reviva declared a gift aid payment of £15,511 (2011: £73,665) in the year of which GPHA will receive one third.

Keepmoat Great Places Limited ("KGP") is a company in which the Group as a 10% interest. The other party to the venture is Keepmoat Limited. KGP in turn has a 50% share of Sheffield Housing Company Limited.

Inspiral Oldham Limited ("Inspiral") is a company in which the Group has a 5% interest. The other party to the venture is Regenter Limited. Inspiral is the SPV that operates the Gateways to Oldham PFI project.

Inspiral Oldham Developments LLP is a company in which the Group through Cube Great Places has a 50% interest. The other party to the venture is Pinnacle Regeneration Limted.

14. Properties for sale and work in progress

	Group 2012 £'000	Group 2011 £'000	Association 2012 £'000	Association 2011 £'000
Shared ownership properties:				
- completed	2,661	3,857	-	-
- under construction	5,409	5,272	-	-
Other properties for sale				
- completed	123	120	-	-
Work in progress	4,882	4,205	-	-
	13,075	**13,454**	**-**	**-**

15. Debtors

Due within one year	Group 2012 £'000	Group 2011 £'000	Association 2012 £'000	Association 2011 £'000
Rent and service charges receivable	5,145	5,679	-	-
Less:				
Provision for bad and doubtful debts	(2,517)	(2,778)	-	-
	2,628	2,901	-	-
Due from subsidiary undertakings	-	-	3,799	2,059
Trade debtors	651	1,889	82	139
Social housing grant receivable	9,510	7,241	-	-
Other debtors	4,758	6,904	228	210
Deferred tax	36	7	36	-
Prepayments and accrued income	788	596	203	500
	18,371	19,538	4,348	2,908

NOTES TO THE FINANCIAL STATEMENTS

15. Debtors (continued)

	Group		Association	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Due after more than one year				
Due from subsidiary undertakings	-	-	271,296	246,017
Other debtors	4	2	4	2
	4	2	271,300	246,019
	18,375	19,540	275,648	248,927

The debt due after more than one year from subsidiary undertakings of £271,296k (2011: £246,017k) is the on-lent Group loan facility which is included as debt falling due after more than one year (note 18).
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16. Current asset investments

	Group		Association	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Other Investments	10,406	335	8,769	55

These are the monies held by our funders as collateral for loans or financial instruments.

17. Creditors: amounts falling due within one year

	Group		Association	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Debt (note 19)	1,528	1,552	-	-
Obligations under finance leases (note 19)	-	135	-	-
Trade creditors	3,443	1,420	501	191
Rent and service charges received in advance	2,430	2,517	-	-
SHG received in advance	1,403	5,619	-	-
Amounts owed to group undertakings	-	-	11,397	1,358
Recycled capital grant fund (note 20)	943	409	-	-
Disposal proceeds fund (note 21)	491	585	-	-
Corporation tax	134	205	72	111
Deferred tax	-	7	-	7
Other taxation and social security	485	597	298	400
Leaseholder sinking funds	3,245	2,211	-	-
Other creditors	4,576	3,174	2,028	1,732
Accruals and deferred income	15,375	18,814	878	780
	34,053	37,245	15,174	4,579

Cash balances totalling £3,245,000 (2011: £2,211,000) are held in trust for leaseholders.

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Association	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Debt (note 19)	328,465	287,788	271,296	246,017
Obligations under finance leases (note 19)	1,114	1,073	-	-
Recycled capital grant fund (note 20)	2,041	943	-	-
Disposal proceeds fund (note 21)	266	491	-	-
Other creditors	33	239	-	-
	331,919	290,534	271,296	246,017

19. Debt analysis

	Group		Association	
	2012	**2011**	**2012**	**2011**
a) Loans are repayable as follows:	**£'000**	**£'000**	**£'000**	**£'000**
Due within one year	1,651	1,697	-	-
Between one and two years	1,684	1,725	-	-
Between two and five years	6,945	5,411	-	-
After five years	324,227	284,001	271,296	246,017
	334,507	292,834	271,296	246,017
Less: Loan arrangement fees	(4,514)	(3,494)	-	-
	329,993	289,340	271,296	246,017

	Group		Association	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
b) Obligations under finance leases:				
Due within one year	-	135	-	-
Between one and two years	-	138	-	-
Between two and five years	-	531	-	-
After five years	1,114	404	-	-
	1,114	1,208	-	-

c) Debenture stocks

Included in the loan balances above are the following balances:

	Group		Association	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
THFC (Indexed 2) Ltd. -				
5.5% Index-linked stock, 2024				
Balance as at 31 March	572	572	-	-
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	750	750	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

19. Debt analysis (continued)

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, GPHG entered into a number of swaps, the details of which are:

- Santander for a period of 25 years to 18 December 2032, the loan principal subject to the swap at 31 March 2011 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 2011 is £20 million at a rate of 4.92%
- Lloyds Banking Group for a period of 25 years to 20th December 2032, the loan principal subject to the swap at 31 March 2011 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 2011 is £26 million at a rate of 4.82%.

In April 2009, GPHG entered into the following swaps, the details which are:

- Lloyds Banking Group for a period of 20 years to April 2029, the value of the swap at 31 March 2011 is £16 million at a rate of 4.56%.

In October 2009, GPHG 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 2012 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 2012 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 2012 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 2012 is £10 million at a rate of 4.26%.
- Santander for a period of 26 years to October 2035, the loan principal subject to the swap at 31 March 2012 is £5 million at a rate of 4.195%.
- Santander for a period of 17 years to October 2026, the loan principal subject to the swap at 31 March 2012 is £5 million at a rate of 4.27%.

In October 2011, GPHG entered into the following swap:

- Credit Suisse International for a period of 8 years to October 2019, the loan principal subject to the swap at 31 March 2012 is £20m at a rate of 2.2975%

20. Recycled capital grant fund

	Group		Association	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
At 1 April	1,352	1,654	-	-
Grants recycled	2,029	933	-	-
Interest accrued	11	10	-	-
Development of properties	(408)	(1,245)	-	-
Major repairs and works to existing stock	-	-	-	-
At 31 March	2,984	1,352	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. Disposal proceeds fund

	Group 2012 £'000	Group 2011 £'000	Association 2012 £'000	Association 2011 £'000
At 1 April	1,076	765	-	-
Net sales proceeds recycled	260	487	-	-
Interest accrued	6	4	-	-
Development of properties	(585)	(180)	-	-
At 31 March	757	1,076	-	-

22. Non-equity share capital

	2012 £	2011 £
Shares of £1 each issued and fully paid		
At 1 April	13	13
Shares issued during the year	-	-
Shares surrendered during the year	(1)	-
At 31 March	12	13

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.

23. Reserves

Group

	Negative Goodwill Reserve £'000	Revenue Reserves £'000	Designated Reserves £'000	Total Reserves £'000
At 1 April 2011 as previously stated	5,026	66,136	-	71,162
Prior year adjustment (note 31)	(5,026)	(23,998)	-	(29,024)
At 1 April 2011 as restated	-	42,138	-	42,138
Surplus for the year	-	7,280	-	7,280
Actuarial surplus on pension scheme	-	38	-	38
Transfer in year	-	(182)	182	-
At 31 March 2012	-	49,274	182	49,456

Association

	Revenue Reserves £'000	Total Reserves £'000
At 1 April 2011	402	402
Surplus for the year	45	45
At 31 March 2012	447	447

24. Financial commitments

a) Capital expenditure commitments were as follows:	Group 2012 £'000	Group 2011 £'000	Association 2012 £'000	Association 2011 £'000
Expenditure contracted for but not provided in the accounts	38,971	62,566	-	-
Expenditure authorised by the Board, but not contracted	111,437	5,435	-	-
	150,408	68,001	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. 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	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Other:				
Within one year	26	23	26	23
One to five years	29	37	29	37
	55	60	55	60

25. Contingent liabilities and cross guarantees

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

26. Related parties

The GPHG Limited Board has one tenant Board member and one resident leaseholder; There are also resident 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. Cube Great Places Limited has paid £133,764 to its joint venture Inspiral Oldham Developments LLP during the year. GPHG has an investment of £2,500 in Inspiral Oldham Limited.

27. 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	
	2012	2011	2012	2011
	No.	No.	No.	No.
General housing	11,642	11,087	-	-
Supported housing	1,440	1,538	-	-
Key worker housing	414	419	-	-
Low cost home ownership	1,520	1,497	-	-
Total owned	**15,016**	**14,541**	**-**	**-**
Accommodation managed for others	1,131	1,181	-	-
Total managed	**16,147**	**15,722**	**-**	**-**
Accommodation in development at the year end	461	642	-	-

28. 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	
	2012	2011	2012	2011
	No.	No.	No.	No.
Housing accommodation	76	76	-	-

NOTES TO THE FINANCIAL STATEMENTS

29. 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')
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.

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:

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

Of the subsidiaries, Great Places Housing Association, Cube Great Places Limited, Plumlife Homes Limited and Terra Nova Developments Limited traded during the year.

The Group has an interest in several Joint Venture companies the details of which are provided in note 13.

30. Stock Transfer Obligations – Wybourn and Richmond Park Estates

Group

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 2012 £53.6 million (2011: £50.2 million) of the refurbishment works had been completed.

NOTES TO THE FINANCIAL STATEMENTS

31. Prior year adjustment

The prior year adjustment reflects the introduction of component accounting in accordance with SORP update 2010 which confirms that housing properties always comprise of several components.

The Group has determined that its properties include major components as set out in note 2 to these financial statements. The SORP 2010 requires these components to be accounted for separately to the land and structure of the building for depreciation purposes.

The effect of this change in accounting policy is to reduce the Group's surplus for the year ending 31 March 2011 by £2.2M

The cumulative effect on Group reserves is £29M. However, this is offset by the transfer of the negative goodwill reserve to revenue reserves which totals £5.0M. The results of the Association are not impacted by this accounting policy change.

Impact of component accounting

Group	**Cumulative prior year adjustments to 31 March 2010 £'000**	**Prior year adjustment for 2010/11 £'000**	**Cumulative prior year adjustments to 31 March 2011 £'000**
Income and expenditure account			
Operating costs – depreciation charge	(29,513)	(2,516)	(32,029)
Operating costs – major improvement expenditure	2,687	139	2,826
Surplus on sale of housing properties	-	179	179
Impact on operating surplus	(26,826)	(2,198)	(29,024)
Balance sheet			
Housing properties (cost)			
At 31 March as previously stated	736,721		823,511
Additional capitalisation of components	2,687	139	2,826
At 31 March as restated	739,408		826,337
Housing properties (depreciation)			
At 31 March as previously stated	19,192		22,120
Additional depreciation	29,513	2,465	32,029
Adjustment for properties disposed of	-	(179)	(179)
At 31 March as restated	48,705		53,970
Revenue reserves			
At 31 March as previously stated	60,965		66,136
Transfer of negative goodwill reserve	5,078	(52)	5,026
Impact on operating surplus	(26,826)	(2,198)	(29,024)
At 31 March as restated	39,217		42,138

NOTES TO THE FINANCIAL STATEMENTS

32. Employees

Average monthly number of employees expressed as full time equivalents:

	Group		Association	
	2012	**2011**	**2012**	**2011**
	No	**No**	**No**	**No**
Administration	100	97	89	85
Development	45	44	45	44
Housing, support and care	384	387	47	44
	529	528	181	173

Employee costs:

	Group		Association	
	2012	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	13,176	13,313	5,135	4,902
Social security costs	1,120	1,112	455	417
Other pension costs	1,087	1,114	495	492
	15,383	15,539	6,085	5,811

a) Social Housing Pension Scheme (Group and Association)

Great Places Housing Group Limited together with its subsidiaries Great Places Housing Association and Plumlife Homes Limited, (together "the Group"), participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state pension 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 31st March 2007. From April 2007 three defined benefit structures have been 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 a further two defined benefit structures have been 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 was 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, the CARE with a 1/60th accrual rate benefit structure for new entrants from 1st April 2007, and the CARE with a 1/80th accrual rate benefit structure for new entrants from 1st 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.

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

a) Social Housing Pension Scheme (Group and Association)

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 4.4% to 8.2%. Member contributions varied between 5.9% and 10.0% depending on their age. As at the balance sheet date there were 211 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £5,980,000. 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. 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.

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:

	% p.a.
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:

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

a) Social Housing Pension Scheme (Group and Association)

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with 1/60th accrual rate	17.8
Final salary with 1/70th accrual rate	15.4
Career average revalued earnings (CARE) with a 1/60th accrual rate	14.9
Final salary with a 1/80th accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80th 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.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's Disclosure Note.

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 defined benefit section of 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.

New employers 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 new employers joining the scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after the date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. 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 provided a response in respect of the September 2008 actuarial valuation in August 2011, stating that it does not propose to take any scheme funding action under Part 3 of the Pensions Act 2004.

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

a) Social Housing Pension Scheme (Group and Association)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

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 buy-out 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 2011. As of this date the estimated employer debt for the Group was £41.968M (2010: £30.968M).

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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

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

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 three active members of the Plan employed by the Group. The Group continues to offer membership of the Plan to its employees. The Group does not pay any contributions into the Growth Plan and the members' contribution rates 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 were completed in 2009 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%.

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

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

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

The preliminary triennial valuation results as at 30 September 2011 were received in march 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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.

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

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

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, as is required by legislation.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's Disclosure Note.

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 and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out 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 liability attributable to employment with the leaving employer compared to the total amount of the Plan'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 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 2011. As of this date the estimated employer debt for the Group was £128,645

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

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 2012 there were 13 active members of the Scheme employed by the Group.

The Group's contribution to the LGPS for the year ended 31 March 2012 was £30,000 (2011: £21,000) and the employer's contribution rate is 10.1% (2011: 7.6%) of pensionable pay.

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

A full actuarial valuation was carried out at 31 March 2010 and supplementary figures were provided for 31 March 2012 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 31/03/12	As at 31/03/11
Rate of increase in salaries	4.35%	4.7%
Discount rate for scheme liabilities	5.2%	5.5%
Rate of increase in pensions	2.6%	3.0%
Inflation (CPI)	2.6%	3.0%

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	21.5	24.2
Future pensioners	22.8	25.8

Expected return on assets

The expected return on assets are:	**2012**	**2011**
Equity	7.0%	7.5%
Government Bonds	3.1%	4.4%
Other Bonds	4.1%	5.1%
Property	6.0%	6.5%
Cash	0.5%	0.5%

Amounts recognised in the balance sheet:	**2012**	**2011**
	£'000	**£'000**
Present value of funded obligations	(963)	(877)
Fair value of plan assets	741	661
Net liability	(222)	(216)

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

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

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

	2012 £'000	2011 £'000
Current service cost	43	43
Past service gain	-	(59)
Total charge /(credit) to operating costs	43	(16)
Expected return on pension scheme assets	(45)	(39)
Interest on pension scheme liabilities	50	50
Total charge to other finance costs	5	11

Changes in present value of defined benefit obligation:

	2012 £'000	2011 £'000
Opening defined benefit obligation	(877)	(853)
Service cost	(43)	(43)
Past service gain	-	59
Interest on pension liabilities	(50)	(50)
Actuarial gains on liabilities	27	27
Member contributions	(20)	(17)
Closing defined benefit obligation	(963)	(877)

Changes in fair value of plan assets:	2012 £'000	2011 £'000
Opening fair value of plan assets	661	604
Expected return on plan assets	45	39
Actuarial gains/(losses) on assets	(15)	(20)
Employer contributions	30	21
Member contributions	20	17
Closing fair value of plan assets	741	661

Analysis of the movement in deficit during the year	2012 £'000	2011 £'000
Deficit in the fund at the beginning of year	(216)	(249)
Movement in year:		
Current service costs	(43)	(43)
Past service gain	-	59
Employer contributions	30	21
Net return on assets	(5)	(11)
Actuarial (loss)/gain	12	7
Deficit at end of year	(222)	(216)

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

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

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

	2012		2011	
	£'000		£'000	
Equities	462	62.3%	444	67.4%
Government Bonds	126	17.0%	97	14.6%
Other Bonds	57	7.7%	48	7.2%
Property	73	9.9%	65	9.8%
Cash/Liquidity	23	3.1%	7	1.0%
Total	741	100.0%	661	100%

Analysis of amounts recognised in Statement of Total Recognised Surpluses and Deficits

	2012 £'000	2011 £'000
Actuarial gains	12	7
Cumulative actuarial (losses)	(208)	(202)
Actuarial return on plan assets	30	56

Amounts for the current and previous periods are as follows:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligation	(963)	(877)	(853)	(463)	(592)
Fair value of scheme assets	741	661	604	425	471
Deficit on scheme	(222)	(216)	(249)	(38)	(121)
Experience gains/(losses) on liabilities	-	(41)	-	-	-
Experience gains/(losses) on assets	(15)	(20)	114	(118)	-

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

d) Local Government Pension Scheme administered by Greater Manchester Pension Fund

Following a successful bid in Oldham for a Private Finance Initiative the Association transferred staff under TUPE from Oldham MBC in December 2011. From this date the Association participates in the Local Government Pension Scheme (LGPS) administered by Greater Manchester Pension Fund (GMPF), a defined benefit multi-employer benefit scheme administered under the Regulations governing the Local Government Pension Scheme. At 31 March 2012 there were 7 active members of the Scheme employed by the Association.

The Association's contribution to the LGPS for the period ended 31 March 2012 was £50,000 and the employer's contribution rate is 16.6% of pensionable pay.

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

A full actuarial valuation was carried out at 31 March 2010 and supplementary figures were provided for 31 March 2012 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 31/03/12
Rate of increase in salaries	4.3%
Discount rate for scheme liabilities	4.8%
Rate of increase in pensions	2.5%

Mortality Assumptions:

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

	Males	Females
Current pensioners	20.1	22.9
Future pensioners	22.5	25.0

Expected return on assets	**2012**
The expected returns on assets are:	5.6%
Equity	6.3%
Bonds	3.9%
Property	4.4%
Cash	3.5%

Amounts recognised in the balance sheet:	**2012** **£'000**
Present value of funded obligations	(726)
Fair value of plan assets	777
Net asset	51

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

d) Local Government Pension Scheme administered by Greater Manchester Pension Fund

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

	2012 **£'000**
Current service cost	10
Past service gain	-
Total charge to operating costs	10
Expected return on pension scheme assets	(13)
Interest on pension scheme liabilities	11
Total charge to other finance costs	(2)

Changes in present value of defined benefit obligation:

	2012 **£'000**
Opening defined benefit obligation	(695)
Service cost	(10)
Past service gain	-
Interest on pension liabilities	(11)
Actuarial (losses) on liabilities	(6)
Member contributions	(4)
Closing defined benefit obligation	(726)

Changes in fair value of plan assets:	**2012** **£'000**
Opening fair value of plan assets	722
Expected return on plan assets	13
Actuarial gains on assets	31
Employer contributions	8
Member contributions	3
Closing fair value of plan assets	777

Analysis of the movement in deficit during the period

	2012 **£'000**
Surplus in the fund at the beginning of period	-
Movement in period:	
Transfer of surplus on TUPE of staff	27
Current service costs	(10)
Past service gain	-
Employer contributions	8
Net return on assets	1
Actuarial gain	25
Surplus at end of period	51

NOTES TO THE FINANCIAL STATEMENTS

32. Employees (continued)

d) Local Government Pension Scheme administered by Greater Manchester Pension Fund

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

	2012	
	£'000	
Equities	544	70.0%
Bonds	140	18.0%
Property	39	5.0%
Cash/Liquidity	54	7.0%
Total	777	100.0%

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

	2012 £'000
Actuarial gains	25
Cumulative actuarial gains	25

Amounts for the current (first) period are as follows:

	2012 £'000
Present value of defined benefit obligation	(726)
Fair value of scheme assets	777
Surplus on scheme	51
Experience (losses) on liabilities	-
Experience gains on assets	31