

A large black silhouette of a construction site, featuring a multi-story building under construction with extensive scaffolding, a crane, and other construction equipment.

**OUR LATEST
FIGURES**

Small white silhouettes of construction workers are placed at the base of the letters 'O', 'R', 'L', 'A', 'T', 'E', 'S', 'T', 'F', 'I', 'G', 'U', 'R', 'E', 'S'.

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Group Consolidated Highlights

Five Year Summary for the year ended 31 March 2008

	2008	2007	2006	2005	2004
Group Profit and Loss account (£'000)					
Total turnover	254,733	338,159	271,786	226,817	209,979
Net rents receivable from social housing lettings	166,796	161,540	155,576	142,460	136,709
Operating profit before interest	61,237	65,970	62,770	65,704	60,981
Profit on ordinary activities before taxation	6,501	19,697	14,459	15,670	13,674
Group Balance Sheet (£'000)					
Tangible fixed assets	2,482,737	2,366,104	2,280,960	2,225,741	1,980,798
Investment in new housing properties during the year	120,132	107,710	120,471	114,530	73,959
Expenditure on repairs and improvements	64,109	59,758	55,615	51,886	43,527
Social housing grant and other capital grants	1,232,830	1,198,776	1,155,836	1,140,363	1,012,845
Tangible assets net of all grants and depreciation	1,153,138	1,081,165	1,053,950	1,014,328	909,093
Loans	1,415,216	1,007,089	950,250	889,879	896,975
Reserves	255,333	241,700	227,041	210,338	205,669
Accommodation Figures					
Total housing stock owned (number of dwellings)	59,019	58,806	57,904	55,691	51,547
Total housing stock owned and managed	59,871	59,072	58,625	57,190	53,179
Group Statistics					
Profit on ordinary activities as % of turnover	2.6%	5.8%	5.3%	6.9%	6.5%
Operating profit before interest per home owned	£1,038	£1,122	£1,084	£1,180	£1,183
Total reserves per home owned	£4,326	£4,110	£3,921	£3,777	£3,990
Interest cover before depreciation <i>(profit before charging depreciation and interest payable, divided by net interest payable)</i>	1.2	1.5	1.5	1.4	1.4
Interest cover after depreciation <i>(profit after charging depreciation but before interest payable, divided by net interest payable)</i>	1.0	1.2	1.3	1.2	1.2
Liquidity <i>(current assets divided by current liabilities)</i>	2.6	3.4	2.3	1.9	2.7
Gearing <i>(total loans less current asset investments as % of tangible fixed assets)</i>	56.6%	41.5%	41.1%	38.7%	38.5%

These figures have been extracted and calculated from current and prior years' audited Group financial statements.

The profit of £6.5m (2007: £19.7m) has been achieved after charging depreciation on housing properties of £9.5m (2007: £9.0m).

The total reserves per home owned includes negative goodwill on acquisitions of £29.8m (Note 26).

Board of Directors, Executives and Advisers

Board of Directors

Z Atkins: Group Chairman
D Cowans: Group Chief Executive
S Binks: Group Director Finance and IT
D Shaw: Group Director Development & Procurement
D Stewart: Group Director Operations
J C Dennis
G S Watson OBE
V Owen OBE
A Tucker
S Crouch OBE
Lord V Adebawale (resigned 19 October 2007)
C Phillips

Executive Directors of the Group

Group Chief Executive	D Cowans
Group Director Finance and IT	S Binks
Group Director Development & Procurement	D Shaw
Group Director Operations	D Stewart
Company Secretary	S Binks (appointed 31 January 2008) W Trainor (appointed 26 September 2007, resigned 31 January 2008) S Binks (resigned 26 September 2007)

Registered Auditors

KPMG LLP
St James' Square
Manchester
M2 6DS

Bankers

Co-operative Bank Plc
147 Church Street
Preston
PR1 3UD

Principal Solicitors

Devonshires, London
Trowers & Hamblins, London

Registered Office

4 The Pavilions
Port Way
Preston
PR2 2YB

Registration of the Company

The Company is registered under the Housing Act (Number L4236) and incorporated under the Companies Act (Number 3777037). It is also affiliated to the National Housing Federation.

Operating Review

The Board of Directors is pleased to present its report and the audited consolidated financial statements for the year ending 31 March 2008.

Principal Activities of the Group

Places for People Group (“the Group”) is a property development and management group with a social purpose, to provide quality housing within neighbourhoods in which people choose to live. We have specialist companies that provide housing for affordable rent, market rent and sale, commercial property, financial services, care and support services, regeneration products and childcare. The addition of land trading to the Group’s operational portfolio is further enhancing the Group’s ability to provide these core activities. Each of these activities can be delivered independently where required. What distinguishes us from our competitors is our ability to both develop and manage our neighbourhoods on a long term sustainable basis. We believe that putting new or redeveloped housing and support infrastructure in place is only the beginning of our story. By combining the services provided by the Group with the skills of its staff and its financial strength, the Group is able to produce solutions which in other settings would require a whole range of private/public partnerships and different funding arrangements.

The key companies within the Places for People Group are as follows:

Places for People Group Limited, the ultimate Group parent company, sets the overall strategic direction and policy framework for the Group and provides administrative support services to other Group members.

Places for People Homes is a registered non-charitable housing association through which the majority of housing for rent and for sale is developed and managed.

blueroom properties limited focuses on market renting to generate profits to subsidise core housing activities and to assist the Group in developing mixed tenure communities.

Bristol Churches Housing Association Limited (BCHA) is a charitable Registered Social Landlord (“RSL”) which provides a full range of housing and housing related services in the South West under the group brand name of Places for People (South West). A transfer of engagements enabled BCHA to become part of Places for People Individual Support at the end of May 2008.

Castle Rock Edinvar Housing Association Limited together with its subsidiaries Places for People (Scotland) Care & Support Ltd and Lothian Homes is a charitable RSL that operates predominantly in Edinburgh and the Lothians.

Kush Housing Association Limited is an established charitable RSL operating in London.

Emblem Homes Limited is a commercial company focusing on the development of housing for sale.

Places for People Developments Limited is a commercial company which provides procurement and construction management services for new build capital development and major repairs projects throughout the Group.

Places for People Individual Support is a charitable housing association which focuses on care and supported housing activities.

Places for People Neighbourhoods is a registered charity which aims to improve the quality of life of people and the communities they live in, particularly those who suffer disadvantage as a result of exclusion from the labour market and essential services, and to assist the Group in developing mixed tenure communities.

Places for Children (PfP) Limited is a childcare provider managing over 600 nursery places at a number of sites throughout England.

Places for People Financial Services Limited is a company which provides a range of financial services including loans and mortgages that help customers who are excluded from accessing financial markets.

Principal Markets and Associated Risks

The principal markets that the Group operates in are the social rented housing sector (£188m, 74% of turnover), Market Renting (£17m, 7% of turnover), outright Property Sales (social and non-social) (£32m, 13% of turnover), and land trading.

The principal uncertainties relating to housing management and outright sales are predicated upon the volatility, or otherwise, of the housing market.

The scale and nature of the strategic land trading initiative and the scale of associated developments, combined with the overall aim of raising significantly the production of units of housing for sale give rise to:

- Development risks;
- Funding and interest rate risks;
- Market, product and demographic risks;
- Reputational risks;
- Environmental risks.

The Group continually ensures that structures and governance evolve and adapt to a fast changing and challenging strategic agenda with attendant regulatory and reputational risks.

The Group recognises the critical importance of its asset management and repair strategies as these impact on the cost and efficiency of operations, our meeting the decent homes standard, customer satisfaction and regulatory opinion.

Details of the Group’s Treasury policy are set out in Note 28.

Objectives and Strategies

Places for People’s purpose is to create and manage neighbourhoods of choice by operating in a socially responsible and commercial manner. Places for People’s vision is to be one of the leading property management and development businesses in the UK. We believe that to achieve that vision, our places should be designed to be environmentally efficient with a mix of different tenures, and our customers should come from a wide range of social and economic backgrounds.

The Group's business strategy is to develop new communities and engage with existing communities in a manner which enables them to prosper by:

- Investing to improve our existing residential properties to a 'Decent Homes+' standard and to improve the service to our customers;
- Growing our business organically by acquiring new sites and producing new communities and by regenerating existing communities;
- Being more efficient in the way we do business by maximising the linkages between different place making and management activities and improving our processes;
- Creating new products and services that support affordable living irrespective of tenure type;
- Applying corporate responsibility and diversity principles to everything we do.

The Group's business strategy is delivered through a portfolio of products and services which includes:

- Owning and managing 59,871 social rented and leasehold homes. Stock includes rented housing and apartments for families, couples and single people through a mixture of tenures;
- Providing the support required for individuals to live independently in the community. Our portfolio of 5,000 homes includes housing and services for older people, people with learning disabilities, homeless people and services for women at risk from domestic violence;
- Owning and managing over 5,000 homes in Scotland through Castle Rock Edinvar, as well as care and support for the more vulnerable individuals through Places for People Scotland - Care and Support;
- Ensuring that the Group does not simply manage, build and rent houses but supports the regeneration and wellbeing of whole communities. Places for People Neighbourhoods demonstrates the Group's commitment to communities by providing employment opportunities, training schemes and new business start ups.
- Being a major player in construction and driving forward the sustainability agenda by raising standards and translating this into demands on suppliers. Planning takes place in partnership with communities to support the development of a vision for an area by encouraging participation and local consultation;
- Providing flexible financial products such as mortgages, loans and equity shares. Providing flexibility and choice for its customers is a key objective for the Group. It does this by looking at the housing market and designing products and financial services that allow people access to housing that meet their needs, and allows them to gain an equity stake in their home. These activities will be further facilitated as a result of winning the Equity Loan competition in partnership with the Co-op Bank resulting in injections of cash from the Government and the Bank to support the new mortgage activity;
- Providing Childcare aligned closely with the Government's National Childcare Strategy and the Sustainable Communities Plan with the aim of meeting the needs of parents and communities. Places for Children has invested over £8m in creating neighbourhood nurseries in some of the most challenging areas of the country.

The Group's business plan is designed to ensure that its strategy, products and services are delivered in accordance with its overall purpose and vision. As such, the business plan contains five aims or objectives:

- To meet our **customers** aspirations and deliver excellent products and services;
- To **grow** the capacity of our business;
- To ensure we operate our business **efficiently**;
- To raise awareness and position our company through **marketing & influencing**;
- To invest in our **people** to develop our capacity and be recognised as an employer of choice.

The Environment and Corporate Social Responsibility (CSR)

The Group recognises the need to develop its business in a sustainable manner; i.e. the business is developed to meet the needs of the present without compromising the ability of future generations to meet their own needs. We recognise that there are physical limits to the resources of the Earth (both in terms of generating materials and absorbing waste), and that any business activity that exceeds these limits is, by definition, unsustainable in the long term. In addition to making effective use of natural resources and enhancing the environment, we also believe that to achieve short and long term sustainability we need to promote social cohesion and inclusion and strengthen economic prosperity in the communities in which we work. We do this through a mixture of initiatives including construction training and recruitment in addition to community kids and teenage single mother programmes. The Group has recently achieved Housing Corporation Gold Awards for Environment Sustainability and Worklessness. In addition to the charitable work we undertake in the UK, we also work with organisations such as Homelessness International and have supported housing and community projects in foreign countries such as Namibia and Nicaragua.

The Group has recently undertaken an audit of its Corporate Social Responsibility (CSR) activity with Business in the Community. As a result of the audit, the Group will be making a submission later this year (2008) to the BiTC Times 100 index which comprises of FTSE 250 companies.

Operating Review and Results for the year

A five year summary of results is shown on page 2.

Profit and Loss for the year

The Group turnover for the year was £255m (2007: £338m), a 25% decrease over the previous year mainly due to an decrease in development for sale activity. Income from lettings has increased to £205m (2007: £197m) and property sales have decreased to £32m (2007: £127m).

Cost of sales during the year was down from the previous year at £29m (2007: £113m). This was largely as a result of decreased costs relating to the factors that affected turnover.

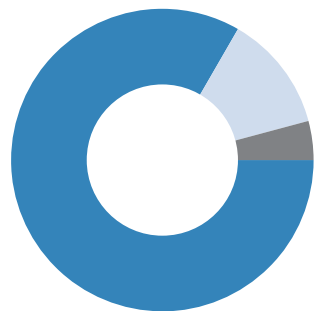
Operating costs were £164m, an increase of £5.4m on the previous year due mainly to a provision for restructuring costs, increased depreciation and increased expenditure on marketing on development for sale activity.

Operating Review (continued)

The Group's profit for the year before taxation and reserve transfers was £6.5m (2007: £20m), the decrease being due mainly to lower development for sale activity.

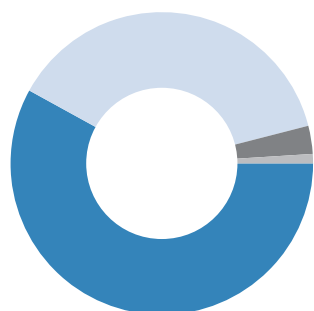
Segmental Analysis of Turnover:

2008



■ Lettings activities	80%
■ Development for sale	12%
■ Other social housing activities	4%

2007



■ Lettings activities	58%
■ Development for sale	38%
■ Other non-social housing activities	3%
■ Other social housing activities	1%

Asset and Housing Management

As at 31 March 2008 the Group owned and managed 59,871 (2007: 59,072) properties of which 852 were managed for others. (Note 40)

The total amount in the year reinvested in stock through repairs and maintenance, major repairs and improvements was £73.5m (2007: £68.9m), (Note 12).

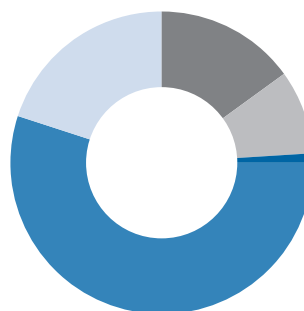
Operational performance is monitored through a number of key performance indicators (KPI's) covering customers, efficiency and our organisation. These include rent collected as a percentage of rent due, current tenant arrears as a percentage of rent, average re-let time, void losses as a percentage of rent due and the performance of the repairs service.

The Group has an in-house property maintenance service which now services approximately 70% of the Group's properties. This operation has improved the operational as well as financial effectiveness and efficiency of the repairs service and has delivered a demonstrable improvement in customer satisfaction.

Development

The Group's development programme continues to grow with 1,095 properties developed during the year, the composition of which is shown in the chart below.

Tenure split of 1,095 properties developed



■ Affordable rent	55%
■ Affordable sale	20%
■ Market rent	15%
■ Market sale	9%
■ Commercial and other	1%

The Group had 3,672 properties in development at the year end and it is anticipated that a further £388m will be spent completing these properties up to the end of 2010/11.

Development performance is monitored using a number of indicators covering profitability of schemes, cost control, development pipeline and the management of working capital.

In 2006/07 Places for People joined with Cofton Ltd, the land regeneration specialist, to establish Making Places LLP. This joint venture focused on the acquisition and development of large plots of land. During 2007/08 Places for People acquired 100% of Cofton's interest in the partnership; however the relationship between the two organisations continues via a series of development agreements covering the sites acquired. During 2007/08 the Group secured interests in two additional, strategically important sites bringing the total investment in land and infrastructure projects to £323m, all of which is reflected in the Group's stocks at the end of the year. Making Places will ensure that sustainable, mixed communities are created using high quality designs and environmentally friendly housing and is expected to generate first sales in the new financial year.

Donations

During the year the Group made charitable donations of £47,222 (2007: £107,000). The Group made no political donations (2007: £nil).

Employment and Equality and Diversity

During the year ended 31 March 2008 the average number of people, expressed as full time equivalents, employed by the Group was 2,178 (2007: 2,104); the actual number of people employed was 2,547 (2007: 2,391). Employee information is stated in Note 6 to these accounts.

Staff turnover for the Group increased to 21.3% (2007: 19.4%). The percentage of staff from a BME background was 6.8% (2007: 6.5%). 60% (2007: 62%) of the workforce were female and disabled staff represented 2.3% (2007: 1.5%) of employees.

The Group considers that employee involvement is essential to its continuing success and uses a variety of methods to inform, consult and involve its employees. In addition, the Group has a comprehensive learning and development policy and holds the Investors in People award.

The Group is committed to achieving equality through diversity and its policies and strategies recognise that all people have the right to their own distinctive and diverse identity. The Group recognises that it has the power to reduce the disadvantages that people experience by making services more responsive to all communities and individual needs. The Group also recognises its responsibility to meet these diverse needs by having a diverse workforce, which generally reflects local populations and has the skills and understanding to achieve the service objectives. The Group has taken positive steps to adopt good policy and practice in employing people with disabilities. The Group holds the Diversity Award Gold Standard.

Pension Funds

The Board has reviewed its obligations arising from employee pension funds and is satisfied that its liabilities are properly identified, planned and accounted for. The Places for People Retirement Benefit Scheme was closed on 1 September 2004 to new employees, all new employees joining the Group now have the option of joining a Stakeholder scheme to which the company contributes.

The Pension Trustees have agreed a plan with the Group Board to fund a package of measures to extinguish the pension deficit, (Note 6), including a £5m contribution made in March 2007.

Health and Safety

The Board takes very seriously its responsibilities on all matters relating to health and safety. During the year the Group has continued to update its health and safety policies and provide staff training and education on health and safety matters and has been awarded the Royal Society for the Prevention of Accidents Gold Award.

Future Developments and Initiatives

The Group has secured a number of major developments. In Bristol (Dove Lane) plans are being developed for a large scale mixed use development with a feature multi-storey building comprising of over 1,000 residential units, a hotel as well as large scale commercial developments. In May 2008 Land Securities and Places for People announced the formation of a 50:50 joint venture which will acquire in excess of 2,400 acres of land to the north of Harlow to help meet much needed housing and employment needs over the next 25 years.

Treasury Management

Group borrowings increased by £408m during the year. The ratio of net loans to total tangible assets at cost, after adjusting for the direct costs of fund raising, was 56% (2007: 42%).

The Group's policy is to retain minimal cash whilst ensuring that sufficient loan facilities are available and immediately accessible to finance a minimum of 1 year's cash flow including a contingency for a maximum of 3 months sales slippage and a £30m buffer to resource opportunistic investment. Cash projections cover a 3 year period to continuously monitor future borrowing requirements. The borrowing strategy is to move over time to contain interest rate risk to within a range of 20% to 30% of the loan book, with the Board exercising strict control over derivative transactions (currently 41% of debt is at fixed rates of interest, while a further 8% is hedged against adverse interest rate movements). Refinancing risk (defined as loans which do not contain some form of amortisation or sinking fund provision) is constrained to no more than 50% of the loan book beyond 5 years.

The Group's investment activity is governed by strict counterparty credit criteria and investment limits.

Post Balance Sheet Events

On 31 May 2008 Bristol Churches Housing Association completed a transfer of engagements to Places for People Individual Support. Both companies are subsidiaries of the Places for People Group.

The Board of Directors

The Board currently comprises the Group Chairman, seven Non-Executive Directors and four Executive Directors. Details of the Board members can be found listed on page 3 of these accounts. The Board has a range of skills and experience which meet the requirements listed in the National Housing Federation's code of governance for housing associations.

Biographical details of the directors are set out in the Group's Annual Review which is available from the Group's website at www.placesforpeople.co.uk. All directors have access to the Company Secretary for advice, are subject to re-election at intervals of no more than three years and a maximum of no more than two terms. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Board meets at least five times per annum. It has appointed Audit and Risk Management, Strategic Finance, Nominations and Remuneration Committees, particulars of which appear below.

Non-Executive Directors

The non-executive directors have a broad range of experience, as evidenced by their biographies that appear in the Group's Annual Review which is available from the Group's website at www.placesforpeople.co.uk, and are well equipped to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct that are vital to the success of the Group.

The Board has adopted guidelines for the appointment of non-executive directors which have been in place and which have been observed throughout the year.

Operating Review (continued)

In accordance with Companies Act 2006 the directors comply with: a duty to exercise reasonable care, skill and diligence; a duty to promote the success of the company; a duty to act within their powers; a duty to exercise independent judgment; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Delegation of Responsibilities by the Board of Directors

Ultimate authority for all aspects of the Group's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive arising as a consequence of delegation by the Board. The Board has determined clear division of responsibilities between the Chairman and the Chief Executive. The Board of Directors is responsible for setting strategies and policies for the whole Group and co-ordinating the Group's activities under an Independence and Responsibility Agreement with each subsidiary. These agreements enable the Board of Directors to control the Group and are the basis of the legal structure.

The Group Audit and Risk Management Committee

The Group Audit and Risk Management Committee is responsible to the Board. It oversees, reviews and monitors the Group's application of accounting policies and standards, the appointment and remuneration of the external auditors, the resources and work programme of Business Assurance, the risk management framework and the adequacy of internal control.

The Group Audit and Risk Management Committee comprises G Watson OBE (Chair), S Crouch OBE and A Tucker.

The Group's Audit and Risk Management Committee receives and reviews reports from Business Assurance regularly. The external auditors also submit reports to the Committee when appropriate. The programme of reports reviewed in the year ensures that the Committee covers all material areas of risk on a regular basis.

The Committee also reviews regular presentations from management on the operation of controls throughout the business. The Committee meets representatives of the external auditors on at least one occasion in each year without any members of executive management being present.

Strategic Finance Committee

The Group Strategic Finance Committee will annually review the Group's strategic finance plan as well as monitor the Group's treasury strategy. The Committee will also receive reports on financing initiatives.

The membership of the Committee comprises C Philips (Chair), V Owen OBE, G Watson OBE.

The Remuneration Committee

The Remuneration Committee determines and agrees the reward policy for the remuneration of the Executive and Non-Executive Directors. It also determines and agrees the annual cost of living pay increase to be applied to all Group companies.

The membership of the committee comprises Z Atkins (Chair) and V Owen OBE.

The Nominations Committee

The Nominations Committee makes recommendations to the Board on the recruitment and selection of Board members.

The committee membership comprises Z Atkins (Chair), C Dennis and S Cox OBE (co opted member).

Attendance at Board and Committee meetings

Directors' attendance at board and committee meetings, in relation to the number of meetings held, during the year ended 31 March 2008 is set out below.

Board Members	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee
Z Atkins	8/8		3/3	2/2
J C Dennis	7/8			
A Tucker	7/8	2/2		
G Watson OBE	8/8	4/4		
V Owen OBE	7/8		3/3	2/2
S Crouch OBE	8/8	4/4		
Lord V Adebawale	1/2			
C Philips	7/8	2/2		
D Cowans	8/8			
S Binks	7/8			
D Shaw	8/8			
D Stewart	8/8			

Internal Control and Risk Management

The Places for People Group Board of Directors is responsible for maintaining and reviewing the Group's system of internal control. The Group Audit and Risk Management Committee is responsible to the Group Board for monitoring this system and reporting on its effectiveness. Any such system can provide reasonable but not absolute assurance against material misstatement or loss, and the development of the system is a continuing process.

The Executive Strategic Risk Management Group monitors and steers the development and implementation of enhancements to the risk management processes and reports to the Audit and Risk Management Committee and Group Board as appropriate. Key tasks for this Group are to oversee the development of risk policy and review and refine the Risk Management Framework and associated Risk maps. The Group also scenario tests key risks and monitors adherence to the risk management processes. The Group comprises the Group Executive and a number of senior managers.

In July 2007 the Housing Corporation issued circular 07/07 on internal controls assurance which codifies the applicability to Registered Social Landlords of the provisions of the Combined Code on Corporate Governance. The Board believes that the Places for People Group Limited has in place the frameworks required to comply with the requirements of the circular 07/07. The Group Board is of the view that the Group complies with the Combined Code of Corporate Governance including the recommendations of the Higgs and Smith Reports, which were incorporated within the revised Combined Code.

The overall internal control framework comprises:

- **Frameworks and structures to ensure that the business remains viable and is managed effectively**
- **The identification of appropriate assurance mechanisms which can be used to ensure that the internal control framework is operating effectively.**

A key element of the required process is that the Group Chief Executive submits a report to the Group Board on the position in relation to assurance on internal control. A specific requirement is that:

“to help the board review the effectiveness of the Group’s system of internal control, its chief executive or executive team should present it with an annual report on the effectiveness of the system. This should refer to the forms of assurance that the Board considers appropriate to obtaining overall assurance on the system. Where there is an audit and risk management committee in place, the chief executive or executive team may present their report to it.”

Internal Control – Assurance

Assurance has been drawn from five main sources. Some sources operate continuously over the year whilst others are year-end confirmation and certification processes.

The following deals with each major source of assurance. The Board, in forming a view, looks at the aggregate level of assurance derived from these sources, each having a differing degree of objectivity.

- **The year end completion of the Risk Management Process and subsequent confirmation of controls by subsidiary boards.**

Assurance and Regulation and Subsidiary Risk Management Frameworks are signed off annually by the relevant Director. Each framework is then presented to the relevant board for approval and a statement covering the level of internal control is signed by each company chair.

- **Submission of Letters of Representation from Directors and Senior Management.**

The Directors and Senior Management confirm that all necessary information has been made available to the auditors as part of the annual audit.

- **The operation of and output from Group Business Assurance Services.**

The planning and delivery of the Business Assurance Service has been reported comprehensively to the Audit and Risk Management Committee over the year. A business with the size and complexity of the Places for People Group will inevitably experience some internal control issues. These are identified and addressed by management and this approach is complemented by the Risk Management Cycle.

- **The view of the External Auditor, KPMG LLP**

This position in relation to controls which are within the scope of the auditor’s terms of engagement is confirmed at the conclusion of each audit. Any issues arising from interim audit work are also reported to the Audit and Risk Management Committee.

- **The Housing Corporation Assessment Report**

The Housing Corporation assessment has set indicators of red, amber and green in relation to Viability, Governance, Management and Development. For the current Housing Corporation Assessment all indicators remain at green meaning that the Places for People Group meets the expectations set out in the Housing Corporation’s Regulatory Code.

In addition, substantial work has been undertaken to ensure that the Audit and Risk Management Committee’s structure and activities comply with the recommendations of the Smith Report, now incorporated within the revised Combined Code.

The Group Board of Directors has reviewed the effectiveness of the system of internal control for the year ended 31 March 2008, and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

Auditors

KPMG LLP have expressed their willingness to continue in office as auditors to the Group. A resolution will be proposed at the next Annual General Meeting for their reappointment.

Annual General Meeting

The Annual General Meeting will be held on 24 September 2008 in London.

Going Concern

After making appropriate enquiries, the Board of Directors confirms that it has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly it continues to adopt the going concern basis in preparing the Group’s financial statements.

Statement of Compliance

This Business review has been prepared in accordance with Reporting Guideline 1.

Statement of Disclosure to the Auditors

At the time of approval of this report:

- a) so far as the Directors are aware, there is no relevant audit information of which the Group’s Auditor is unaware, and
- b) the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group’s Auditor is aware of that information.

Operating Review (continued)

Responsibilities of the Board of Directors

The Board of Directors is required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the profit of the Group for that period.

The Board of Directors confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ending 31 March 2008. The Board of Directors also confirms that applicable accounting standards have been followed and that the statements have been prepared on a going concern basis.

The Board of Directors is responsible for ensuring proper accounting records are kept, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

D Cowans
Group Chief Executive

Z Atkins
Group Chairman

16 July 2008

Report of the Independent Auditors to the Directors of Places for People Group

We have audited the financial statements of Places for People Group for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Group's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Directors and Auditors

As described on page 10, the Group's Board of Directors is responsible for the preparation of the Board of Directors' report, and the preparation of financial statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the Board of Directors Report is not consistent with the financial statements, if the Group has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and of the company as at 31 March 2008 and of the profit of the Group and the Company for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

KPMG LLP
Chartered Accountants
St James' Square
Manchester
M2 6DS

21 July 2008

Consolidated Profit and Loss Account

for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	254,733	338,159
Cost of sales	2	(29,290)	(113,414)
Operating costs	2	(164,206)	(158,775)
Operating profit before interest	2	61,237	65,970
Profit on sale of fixed assets	4	6,124	7,893
Interest receivable and similar income	7	3,155	2,239
Interest payable and similar charges	8	(64,055)	(56,622)
Share of operating profit on joint venture	16	40	217
Profit on ordinary activities before taxation	9	6,501	19,697
Taxation	10	(1,286)	(5,441)
Profit on ordinary activities after taxation		<u>5,215</u>	<u>14,256</u>

All amounts relate to continuing operations.

There is no difference between the profit on ordinary activities after taxation and the profit for the year, and their historical cost equivalents.

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 March 2008

	2008 £'000	2007 £'000
Profit for the financial year	5,215	14,256
Actuarial gain recognised in the pension scheme (Note 6)	12,311	3,064
Deferred tax arising on losses in the pension scheme (Note 6)	(4,192)	(2,425)
Total recognised gain in the period	<u>8,119</u>	<u>639</u>
Amortisation of negative goodwill	(442)	(442)
Goodwill arising in year	20	–
Unrealised profit on revaluation of investments (Note 26)	677	636
Tax on realised revaluation reserve (Note 10)	–	(430)
	<u>677</u>	<u>206</u>
Total gains and losses recognised since the last annual report	<u>13,589</u>	<u>14,659</u>
Total recognised gains and losses related to the year (as above)	13,589	14,659
Prior year adjustment relating to a change in shared ownership accounting	–	(2,292)
	<u>13,589</u>	<u>12,367</u>

The notes on pages 17 to 59 form an integral part of these financial statements.

Company Profit and Loss Account

for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	19,617	19,021
Operating costs		(19,677)	(19,072)
Operating loss		(60)	(51)
Interest receivable and similar income	7	61	52
Interest payable and similar charges	8	(1)	(1)
Profit on ordinary activities before taxation		–	–
Taxation		–	–
Profit on ordinary activities after taxation		–	–

The notes on pages 17 to 59 form an integral part of these financial statements.

There is no difference between the profit on ordinary activities after taxation and the profit for the year and their historical cost equivalents.

There are no other recognised gains and losses other than those reported above, therefore a separate statement of Recognised Gains and Losses has not been prepared.

Consolidated Balance Sheet

as at 31 March 2008

	Notes	£'000	2008 £'000	£'000	2007 £'000
Fixed assets					
Intangible fixed assets					
Goodwill	1		559		–
Tangible fixed assets					
Less: SHG and other capital grants	11	(1,232,830)	2,482,737	(1,198,776)	2,366,104
Depreciation	11	(96,769)	(1,329,599)	(86,163)	(1,284,939)
			1,153,138		1,081,165
Investments					
Fixed assets investments	14		35,547		32,826
Home buy loan	15	27,103		14,133	
Home buy grant	15	(25,734)		(13,477)	
			1,369		656
Investments in joint ventures:					
Share of gross assets		–		7,497	
Share of gross liabilities		–		(7,091)	
			–		406
			1,190,613		1,115,053
Non current assets					
Debtors: amounts falling due after more than one year	18		486		868
Current assets					
Stock	17	517,183		174,990	
Debtors: amounts falling due within one year	19	64,175		19,907	
Investments	20	9,330		24,341	
Cash at bank and in hand		10,307		11,232	
		600,995		230,470	
Creditors: amounts falling due within one year	21	(233,741)		(67,092)	
Net current assets			367,254		163,378
Total assets less current liabilities			1,558,353		1,279,299
Creditors: amounts falling due after more than one year	22	1,289,227		1,016,000	
Provisions for liabilities and charges	25	5,976		3,956	
			1,295,203		1,019,956
Pension liability	6		7,817		17,599
Capital and reserves					
Revenue reserves excluding pension liability		206,654		158,952	
Pension liability		(7,817)		(17,599)	
Revenue reserves including pension liability	26	198,837		141,353	
Designated and restricted reserves	26	152		44,215	
Negative goodwill	26	29,759		30,181	
Revaluation reserves	26	26,584		25,994	
Capital contribution	36	1		1	
Total capital and reserves			255,333		241,744
			1,558,353		1,279,299

The notes on pages 17 to 59 form an integral part of these financial statements.

The financial statements on pages 12 to 16 were approved by the Board of Directors on 16 July 2008, and signed on its behalf by:

Z Atkins **D Cowans** **S Binks**
Group Chairman Group Chief Executive Company Secretary

Company Balance Sheet

as at 31 March 2008

	Notes	£'000	2008 £'000	£'000	2007 £'000
Fixed assets					
Investments	14		26		1
			<u>26</u>		<u>1</u>
Current assets					
Debtors: amounts due within one year	19		990		1,130
Cash at bank and in hand			177		311
			<u>1,167</u>		<u>1,441</u>
Creditors: amounts falling due within one year	21		(1,192)		(1,441)
Net current liabilities			<u>(25)</u>		<u>-</u>
Total assets less current liabilities			<u>1</u>		<u>1</u>
Capital and reserves					
Reserves	36	1		1	
Total capital and reserves		<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
			<u>1</u>		<u>1</u>

The notes on pages 17 to 59 form an integral part of these financial statements.

The financial statements on pages 12 to 16 were approved by the Board of Directors on 16 July 2008, and signed on its behalf by:

Z Atkins
Group Chairman

D Cowans
Group Chief Executive

S Binks
Company Secretary

Consolidated Cashflow Statement

for the year ended 31 March 2008

	Notes	2008 £'000	£'000	2007 £'000	£'000
Net cash inflow from operating activities	29		(254,303)		57,750
Returns on investments and servicing of finance					
Interest received		1,872		2,239	
Interest paid		(79,066)		(63,172)	
Net cash outflow from returns on investments and servicing of finance			(77,194)		(60,933)
Taxation					
Corporation tax paid			(2,482)		(5,871)
Capital expenditure and financial investment					
Acquisition and construction of housing properties		(146,960)		(102,321)	
Social housing and other capital grants received		22,819		45,763	
Sales of housing properties		58,678		26,283	
Purchases of other tangible fixed assets		(23,128)		(4,913)	
Sales of other tangible fixed assets		361		411	
Purchased goodwill		(539)		–	
Investments in year		(3,596)		(13,127)	
Investments repaid		1,321		148	
Net cash outflow for capital expenditure and financial investments			(91,044)		(47,756)
Net cash outflow before management of liquid resources and financing			(425,023)		(56,810)
Management of liquid resources					
Decrease/(Increase) in short-term investments			15,011		(11,054)
Financing					
Loans received		759,872		180,620	
Loan principal repaid		(351,906)		(113,302)	
Net cash inflow from financing			407,966		67,318
Decrease in cash	31		(2,046)		(546)

The notes on pages 17 to 59 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2008

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and the Statement of Recommended Practice for Registered Social Landlords (SORP). A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the Companies Act 1985, Accounting Requirements for Registered Social Landlords General Determination 2006, and SORP 2008.

Basis of Consolidation

The financial statements are Group statements and have been prepared by consolidating the results of the subsidiary bodies within the Places for People Group in accordance with Financial Reporting Standard 2 (FRS 2) and joint ventures in accordance with FRS8.

The bodies within the consolidation are:

Registered under the Industrial & Provident Societies Act 2002:

Bristol Churches Housing Association Ltd
Castle Rock Edinvar Housing Association Ltd
Kush Housing Association Ltd
Places for People Homes Ltd
Places for People Individual Support Ltd

Registered under the Companies Act 1985:

blueroom investments limited
blueroom properties limited
Emblem Homes Limited
JVCo Limited
Lothian Homes Ltd
Making Places LLP
Matrix Land Limited
North British Landscapes Limited
PfP Developments Limited
PfP Regeneration
PfP One Limited
Places for Children (PfP) Ltd
Places for People Developments Ltd
Places for People Financial Services Ltd
Places for People Individual Support Ltd
Places for People Landscapes Ltd
Places for People Neighbourhoods Ltd
Places for People Scotland - Care and Support Ltd
Routes to Sustainability Ltd
Southdoyle Limited
Upper Strand Developments Limited
Westminster City Homes Ltd

Details of the subsidiary bodies' undertakings are included in Note 35 to the financial statements.

Independence and Responsibility Agreements exist between the Group parent and the subsidiaries, which are the basis of the Group structure, and enable the Board of Directors to control the Group. All subsidiaries have coterminous year ends. Places for People

Individual Support Limited, Places for People Neighbourhoods, Bristol Churches Housing Association Limited, Kush Housing Association Limited, Edinvar Trust Limited and Places for People Scotland - Care and Support Limited each have charitable status.

Turnover

Turnover represents rental and service charge income receivable, income from the sale of properties, fees and revenue grants from local authorities and The Housing Corporation and other income.

Revenue Grants

The Group has a substantial programme of major repairs expenditure, the majority of which is treated as an operating cost. A limited amount of this is funded from Social Housing Grant (SHG), with the majority being met from rental income. The SHG is shown as turnover along with other revenue grants received.

Taxation and Deferred taxation

The Group is liable to United Kingdom Corporation Tax.

The charge for taxation for the year is based on the profit for the year end and includes current tax on the taxable profit for the year and deferred taxation. Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not reversed by the Balance Sheet date, except as otherwise required by FRS19.

In accordance with FRS19 deferred tax is not provided on the gains on the sale of non-monetary assets, if the taxable gain will be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

VAT

The majority of the Group's turnover is exempt from VAT. However certain activities are subject to VAT and give rise to a small amount of VAT recovery. Where appropriate costs are stated including irrecoverable VAT.

Pensions

There are four defined benefit pension schemes based on final pensionable salary, one of which is a Group-wide scheme. Details of the schemes are set out in Note 6. Contributions from the Group and participating employees are paid into independently administered funds. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contribution.

All of the Group's defined benefit schemes referred to above were closed to new members as of 1 September 2004. Employees joining the Group from 1 September 2004 have the option of joining a Stakeholder scheme to which the company contributes. The costs of the stakeholder scheme are accounted for in the year in which they occur.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Notes to the Financial Statements for the year ended 31 March 2008

1. Principal accounting policies (continued)

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Housing land and properties

Housing land and properties are stated at cost for all companies except bluroom properties limited. The cost of properties is their purchase price together with costs of acquisition and improvements, including related development costs and interest payable. Properties purchased for improvement for sale are treated as current assets and all other housing properties are treated as tangible fixed assets. The properties in bluroom properties limited are treated as investment properties and shown at valuation.

First tranche shared ownership sales

The group has adopted the accounting treatment per the SORP 2008 such that:

- SO properties are split proportionally between current and fixed assets based on the first tranche proportion;
- First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover; and
- The remaining element of the SO property is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation is calculated on the cost of the asset, net of social housing grant and other capital grants, and is charged so as to write down the value of freehold housing properties, other than freehold land, to their estimated residual value on a straight line basis over their remaining expected useful economic lives. The expected useful economic lives of the majority of rented, shared ownership and care stock are estimated by independent surveyors to be 100 years.

Impairment

For assets with a remaining economic life greater than 50 years an impairment review is carried out on an annual basis in accordance with FRS 11. For those with a lower economic life an impairment review is undertaken when there is an indication the asset may be impaired. If assets are found to be impaired the amount of impairment is disclosed in the Note 3 analysis to the profit and loss account.

Positive Goodwill

Positive goodwill represents the acquisition by Emblem Homes Limited of the remaining 50% stake in Upper Strand Developments Ltd. This will be amortised over the life of the development, i.e 10 years.

Social Housing Grant and other capital grants

Where developments have been financed wholly or partly by SHG or any other form of capital grant subsidy, the cost of those developments is reduced by the grant received.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where SHG or housing association grant is retained following the disposal of property, it is shown under the disposal proceeds and recycling capital grant funds in creditors: amounts falling due after more than one year. These funds will be used for the provision of new social housing for rent and sale.

Capitalisation of interest and administrative costs

Interest is capitalised on loans financing schemes in development up to their completion. This is calculated by reference to the Group's cost of borrowing and the development costs.

Administration costs relating to development activities are capitalised based on an apportionment of the staff time directly spent on this activity.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis over the estimated useful economic lives of the assets at the following annual rates:

Office Buildings	Between 1% and 10% of cost. (Acquisitions and subsequent upgrades)
IM&T Equipment	20% of cost
Furniture and Equipment	20% to 25% of cost
Motor Vehicles	20% of cost

Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets, and are depreciated over the shorter of the lease term and their economic useful lives. Obligations under finance leases are included in creditors net of the finance charge allocated to future periods. The finance element of the rental is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Improvements to property

The Group capitalises expenditure on housing properties which results in an increase in either the existing use value of the property or the disposal value of the property.

Stock

The cost of stock includes acquisition and development costs together with capitalised interest and administration costs. Stock is stated at the lower of cost and net realisable value.

Finance issue costs

The cost of raising loans is amortised over the period of the loan. The deferred cost is offset against the liability and included within creditors: amounts falling due after more than one year, in accordance with FRS4: Capital Instruments.

Low start loans

The Group has a number of low start loans where the principal outstanding increases during the year, due to the principal being index linked. The increase is recognised in the profit and loss account in the accounting period in which it is charged to the loan account,

unless there is a formal guarantee from a third party to finance any loss arising. Where such a guarantee is in place, the interest deferred is shown in the deferred financing account.

Assets leased to other bodies

The Group has developed a number of housing properties which have been leased to other organisations. These are shown as stock whilst in development, and as long-term debtors once lease agreements are in place. The lease income is shown as turnover.

Special needs housing managed by voluntary agents on behalf of the Group

Due to the nature of the relationship between the Group and its managing agents, these financial statements exclude the financial performance of the projects managed by our agents.

Leaseholder service charge sinking fund

The Group is required to set aside sums in respect of future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added and tax deducted. Amounts accumulated in the fund are included within cash at bank and in hand, and within creditors: falling due within one year.

Provisions

Provisions are made to the extent that the Group has no discretion to avoid the expenditure provided for.

Restricted reserves

The Group has reserves which are only expendable in accordance with the wishes of the funder. The transfers to/from restricted reserves are shown in the profit and loss account.

The Grace Gillett Legacy represents a bequest to the Group for future support of a particular scheme in Bristol.

Revaluation reserve

The revaluation reserve represents the increase in value of the investment properties held by blueroom properties limited.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Financial instruments

The Group has adopted the Financial Reporting standards pertaining to financial instruments. These became effective for the year ended 31st March 2006 because Places for People Homes Ltd has listed bonds. The Group has adopted FRS 25 Financial Instruments: Disclosure and Presentation, FRS 26 Financial Instruments: Measurement and FRS 29 Financial Instruments: Disclosures. Further details are given in note 28.

Financial Instruments are initially recorded at fair value. Subsequent measurement depends on the designation of the instrument as follows:

Investments (other than joint ventures and fixed deposits) and short term investments (other than fixed deposits) are normally designated as available for sale and are valued at fair value.

Loans, short term borrowings and overdrafts are classified as other liabilities and are held at amortised cost using the effective interest rate.

Derivatives, comprising interest rate swaps, are held at fair value.

Discounted bonds are shown at their redemption value less deferred interest. Deferred interest represents the discount on the issue of the discounted bonds, and discounts are recognised in the profit and loss account on an effective yield basis.

Notes to the Financial Statements for the year ended 31 March 2008

2. Group Turnover, Cost of Sales, Operating Costs and Operating Profit

	Turnover	Cost of Sales	Operating Costs	Group 2008 Operating Profit/ (Loss) £'000
	£'000	£'000	£'000	£'000
Lettings activities				
Income and expenditure from social housing lettings (Note 3)	187,772	–	(137,582)	50,190
Income and expenditure from non-social housing lettings	17,262	–	(8,125)	9,137
Total	205,034	–	(145,707)	59,327
Other social housing activities				
Leased schemes	839	–	–	839
Management services	529	–	(226)	303
Other	4,892	–	(2,295)	2,597
Total	6,260	–	(2,521)	3,739
Development for sale				
Social housing property sales	4,109	(3,165)	(414)	530
Shared ownership first tranche sales	11,101	(8,936)	(1,320)	845
Non-social housing property sales	17,314	(17,051)	(4,651)	(4,388)
Total	32,524	(29,152)	(6,385)	(3,013)
Other non-social housing activities				
Commercial property lettings	1,578	(138)	(990)	450
Other	9,337	–	(8,603)	734
Total	10,915	(138)	(9,593)	1,184
Total	254,733	(29,290)	(164,206)	61,237

	2008 Turnover £'000	2008 Turnover £'000
Further analysis of turnover from non-social housing activities		
Market renting		15,146
Student accommodation		2,116
Total turnover from non-social lettings activities (as above)		17,262
Commercial property lettings		1,578
Other (as above)		
Community care services income	7,701	
Other	1,636	
Total		9,337
Total		28,177

Turnover	Cost of Sales	Operating Costs	Group 2007 Operating Profit/ (Loss) £'000
£'000	£'000	£'000	£'000
181,158	–	(132,328)	48,830
16,003	–	(6,799)	9,204
<u>197,161</u>	<u>–</u>	<u>(139,127)</u>	<u>58,034</u>
845	–	–	845
578	–	(369)	209
3,548	–	(4,930)	(1,382)
<u>4,971</u>	<u>–</u>	<u>(5,299)</u>	<u>(328)</u>
14,533	(13,703)	(140)	690
24,359	(19,043)	(1,051)	4,265
88,115	(80,668)	(4,359)	3,088
<u>127,007</u>	<u>(113,414)</u>	<u>(5,550)</u>	<u>8,043</u>
851	–	(422)	429
8,169	–	(8,377)	(208)
<u>9,020</u>	<u>–</u>	<u>(8,799)</u>	<u>221</u>
<u>338,159</u>	<u>(113,414)</u>	<u>(158,775)</u>	<u>65,970</u>

Turnover £'000	2007 Turnover £'000
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13,949
2,054
<u>16,003</u>
851

6,613
<u>1,556</u>

8,169
<u>25,023</u>

Notes to the Financial Statements for the year ended 31 March 2008

3. Group Income and Expenditure from Housing Lettings 2008

	General Needs Housing £'000	Supported Housing £'000	Temporary Social Housing £'000	Residential Care Homes £'000
Income from housing lettings activities				
Rent receivable net of service charges	132,994	5,957	559	44
Supporting People Block Grant	2,360	289	–	–
Care income from lettings	–	43	–	24
Service charges receivable	10,511	4,242	45	71
Rents receivable	145,865	10,531	604	139
Revenue grants from local authorities and other agencies	5,785	918	–	–
Supported People Grant (Short Stay)	73	4,927	–	–
Care income	185	926	–	269
Other income	1,722	2,398	1	106
Total income	153,630	19,700	605	514
Expenditure on housing lettings activities				
Services	(10,623)	(4,275)	(75)	(71)
Supporting people costs	(2,550)	(4,789)	–	(2)
Care costs	(216)	(1,114)	–	(375)
Management	(29,777)	(2,557)	(116)	(35)
Routine maintenance	(28,699)	(1,873)	(90)	(4)
Planned maintenance	(12,247)	(1,407)	(5)	(45)
Rent losses from bad debts	(1,687)	(190)	(20)	6
Major repairs expenditure	(14,256)	(158)	(3)	(1)
Depreciation on housing assets	(6,548)	(193)	–	(12)
Impairment of housing properties	–	(89)	–	–
Rent payable to landlords	(289)	–	–	–
Other costs	(3,620)	(895)	(533)	(43)
Total expenditure	(110,512)	(17,540)	(842)	(582)
Operating profit / (loss)	43,118	2,160	(237)	(68)
Void losses	2,619	381	33	2

Shared Ownership £'000	Other £'000	Total Social £'000	Non- Social £'000	Group 2008
				Total £'000
6,770	1,692	148,016	14,663	162,679
81	85	2,815	7	2,822
-	-	67	-	67
511	518	15,898	389	16,287
<u>7,362</u>	<u>2,295</u>	<u>166,796</u>	<u>15,059</u>	<u>181,855</u>
-	-	6,703	-	6,703
-	-	5,000	-	5,000
-	-	1,380	-	1,380
98	3,568	7,893	2,203	10,096
<u>7,460</u>	<u>5,863</u>	<u>187,772</u>	<u>17,262</u>	<u>205,034</u>
(590)	(473)	(16,107)	(1,302)	(17,409)
(71)	(66)	(7,478)	(4)	(7,482)
-	-	(1,705)	-	(1,705)
(1,922)	(651)	(35,058)	(1,897)	(36,955)
(288)	(294)	(31,248)	(1,277)	(32,525)
(756)	(955)	(15,415)	(711)	(16,126)
(7)	(6)	(1,904)	(114)	(2,018)
(23)	(72)	(14,513)	(945)	(15,458)
(454)	(1,289)	(8,496)	(819)	(9,315)
-	-	(89)	-	(89)
-	-	(289)	-	(289)
(150)	(39)	(5,280)	(1,056)	(6,336)
<u>(4,261)</u>	<u>(3,845)</u>	<u>(137,582)</u>	<u>(8,125)</u>	<u>(145,707)</u>
<u>3,199</u>	<u>2,018</u>	<u>50,190</u>	<u>9,137</u>	<u>59,327</u>
<u>7</u>	<u>8</u>	<u>3,050</u>	<u>695</u>	<u>3,745</u>

Notes to the Financial Statements for the year ended 31 March 2008

3. Group Income and Expenditure from Housing Lettings 2007

	General Needs Housing £'000	Supported Housing £'000	Temporary Social Housing £'000	Residential Care Homes £'000	Shared Ownership £'000
Income from housing lettings activities					
Rent receivable net of service charges	127,818	5,821	886	84	5,913
Supporting People Block Grant	2,259	601	–	–	85
Care income from lettings	–	81	–	1,173	–
Service charges receivable	9,520	4,186	61	605	521
Rents receivable	139,597	10,689	947	1,862	6,519
Revenue grants from local authorities and other agencies	7,099	64	–	(321)	–
Supported People Grant (Short Stay)	–	3,868	–	–	–
Care income	201	1,003	–	240	–
Other income	1,879	2,605	15	45	104
Total income	148,776	18,229	962	1,826	6,623
Expenditure on housing lettings activities					
Services	(10,009)	(4,760)	(106)	(383)	(551)
Supporting people costs	(2,714)	(4,724)	–	(2)	(75)
Care costs	(215)	(786)	–	(1,510)	–
Management	(24,813)	(2,530)	(177)	(369)	(1,596)
Routine maintenance	(23,370)	(1,622)	(44)	(26)	(238)
Planned maintenance	(14,696)	(1,340)	(15)	(153)	(1,167)
Rent losses from bad debts	(1,665)	(231)	(27)	(20)	(19)
Major repairs expenditure	(12,180)	(1,244)	(8)	(19)	(6)
Depreciation on housing assets	(6,489)	(177)	–	(10)	(268)
Impairment of housing properties	(3,104)	–	–	–	–
Rent payable to landlords	(66)	(138)	(719)	–	–
Other costs	(3,412)	(818)	–	(50)	(13)
Total expenditure	(102,733)	(18,370)	(1,096)	(2,542)	(3,933)
Operating profit / (loss)	46,043	(141)	(134)	(716)	2,690
Void losses	(2,538)	(468)	(159)	(53)	–

4. Group sale of fixed assets

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	2008 Operating Profit £'000
Sale of housing accommodation	29,667	(20,689)	(2,854)	6,124
Sale of other fixed assets	–	–	–	–
Total	29,667	(20,689)	(2,854)	6,124

Sales of housing accommodation are those carried out under Statutory Right to Buy and Rights to Acquire schemes, staircasing transactions under shared ownership and voluntary sales.

Other £'000	Total Social £'000	Non- Social £'000	Group 2007
			Total £'000
1,382	141,904	13,478	155,382
88	3,033	7	3,040
–	1,254	–	1,254
456	15,349	368	15,717
<u>1,926</u>	<u>161,540</u>	<u>13,853</u>	<u>175,393</u>
–	6,842	–	6,842
–	3,868	–	3,868
–	1,444	–	1,444
2,816	7,464	2,150	9,614
<u>4,742</u>	<u>181,158</u>	<u>16,003</u>	<u>197,161</u>
(464)	(16,273)	(1,270)	(17,543)
(71)	(7,586)	(5)	(7,591)
–	(2,511)	–	(2,511)
(472)	(29,957)	(1,492)	(31,449)
(327)	(25,627)	(950)	(26,577)
(1,025)	(18,396)	(765)	(19,161)
(25)	(1,987)	(140)	(2,127)
–	(13,457)	(563)	(14,020)
(1,248)	(8,192)	(786)	(8,978)
–	(3,104)	–	(3,104)
–	(923)	–	(923)
(22)	(4,315)	(828)	(5,143)
<u>(3,654)</u>	<u>(132,328)</u>	<u>(6,799)</u>	<u>(139,127)</u>
<u>1,088</u>	<u>48,830</u>	<u>9,204</u>	<u>58,034</u>
<u>(6)</u>	<u>(3,224)</u>	<u>(687)</u>	<u>(3,911)</u>

Turnover £'000	Cost of Sales £'000	Operating Costs £'000	2007
			Operating Profit £'000
27,986	(16,148)	(4,191)	7,647
447	(201)	–	246
<u>28,433</u>	<u>(16,349)</u>	<u>(4,191)</u>	<u>7,893</u>

Notes to the Financial Statements for the year ended 31 March 2008

5. Directors' Emoluments

The Group is administered by a Board of Directors. The non-executive members received remuneration of £142,019 during the year (2007: £123,958) and received the following reimbursements for expenses.

	2008 £	Group 2007 £
Expenses not chargeable to United Kingdom income tax reimbursed to directors	<u>25,932</u>	<u>25,660</u>

These amounts are not included in the disclosure below.

In addition to the amounts directly reimbursed to directors, the Group paid £46,092 (2007: £96,232) for travel, subsistence and conference facilities.

Aggregate emoluments (excluding pension contributions)	<u>1,022,072</u>	<u>1,073,458</u>
Compensation for loss of office	<u>–</u>	<u>147,589</u>

Retirement benefits are accruing to 4 (2007: 5) directors under the Group's defined benefit scheme.

Highest paid director:

Aggregate emoluments (excluding pension contributions) paid to the Group Chief Executive	<u>291,710</u>	<u>257,928</u>
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The Group Chief Executive is an ordinary member of the Group's pension scheme, and does not receive any enhanced or special terms or contributions to any individual pension arrangement.

Defined benefit pension scheme:

Accrued pension at end of year	50,198	47,206
Accrued lump sum at end of year	38,018	33,784

Analysis of Directors' Emoluments

The number of directors who received emoluments (excluding pension contributions and compensation for loss of office) in the following ranges was:

	Number	Number
£NIL - £20,000	6	8
£20,001-£30,000	2	1
£30,001-£40,000	–	1
£140,001-£150,000	–	1
£150,001-£160,000	1	1
£180,001-£190,000	–	1
£190,001-£200,000	–	1
£200,001-£210,000	1	–
£210,001-£220,000	1	–
£250,001-£260,000	–	1
£290,001-£300,000	1	–
	<u>12</u>	<u>15</u>

The Group has no contracts in which a Director has an interest.

6. Employee Information

	2008	Group 2007	2008	Company 2007
The average number of employees expressed as full time equivalents (including the Executive Directors) employed during the year was:				
Managing housing services	1,232	1,154	–	–
Developing and selling houses	81	80	–	9
Central administration services	232	231	196	176
Care services	633	639	–	–
	<u>2,178</u>	<u>2,104</u>	<u>196</u>	<u>185</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Staff costs (for the above persons)				
Wages and salaries	53,338	49,059	7,497	6,617
Severance pay	405	781	46	480
Social security costs	4,288	3,878	645	592
Pension payments	5,179	8,955	928	700
	<u>63,210</u>	<u>62,673</u>	<u>9,116</u>	<u>8,389</u>

Pension obligations

The total pension cost for the Places for People Group Limited was £5,179,138 (2007: £8,955,000). This is related to five schemes of which employees are members; the Places for People Group Retirement Benefit Scheme, the Places for People Stakeholder Pension Plan, the Social Housing Pension Scheme, the Scottish Federation of Housing Associations Retirement Death and Benefit Scheme and the Lothian Defined Benefit Pension Scheme.

Places for People Stakeholder Pension Plan

Employees joining the Group from 1 September 2004 have the option of joining the Places for People Stakeholder Pension Plan and Group Life Assurance Scheme to which both the company and employee will make contributions of 6%.

Places for People Group Retirement Benefit scheme.

The Places for People Group Retirement Benefit Scheme was closed to new employees as of 1 September 2004.

The Places for People Group Retirement Benefit Scheme is an independently administered pension scheme. It is a defined benefits scheme based on final pensionable salary. As at 31 March 2008 there were 736 employees participating in this scheme of which 331 are Places for People Homes Limited employees and 405 are employees of other subsidiaries of the Places for People Group. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected accrued benefit method and is not materially different from that arising from the current employer's contribution rate. The level of funding by the Company was 23.6% of pensionable salary. An actuarial valuation of the scheme is being carried out as at 31 March 2008. The assumptions which have the most significant effect on the results of the valuation are those relating to the differences between the rate of return on investments and the rate of increase in salaries.

It was assumed for the actuarial valuation that the expected rate of return on long term bonds was 6.5 per cent, whilst the expected return on equities would be 7.0 per cent per annum, the return for other investments would be 5.5 per cent per annum and that the general level of salaries would increase by 4.5 per cent per annum. The market value of the scheme's assets was £80,456,000 at 31 March 2008, based on the valuation undertaken by the actuary. At the calculation date the deficit in the Scheme on the FRS17 basis was £11,167,000.

Notes to the Financial Statements for the year ended 31 March 2008

6. Employee Information (continued)

FRS17

As required by FRS17 the Group is required to disclose the information for the scheme as a whole as set out below:

	2008	2007	2006
The major assumptions used by the actuary were:			
Price inflation	3.50%	3.25%	3.00%
Rate of increase in salaries	4.50%	4.25%	4.00%
Rate of increase in pensions in payment	3.25%	3.00%	2.75%
Discount rate	6.50%	5.30%	4.90%

The expected rates of return on assets are:

	2008 Expected long term return	2007 Expected long term return	2006 Expected long term return
Equities	7.00%	7.25%	6.75%
Bonds	5.00%	5.00%	4.75%
Cash	5.00%	5.00%	4.00%

	2008 Value at 31 March £'000	2007 Value at 31 March £'000	2006 Value at 31 March £'000
Equities	53,556	55,926	49,700
Bonds	24,398	19,475	17,664
Cash	2,502	5,196	965
Total market value of assets	80,456	80,597	68,329
Present value of the scheme's liabilities	(91,623)	(105,738)	(101,552)
Deficit in the scheme	(11,167)	(25,141)	(33,223)
Related tax asset @ 30%	3,350	7,542	9,967
Net pension liability	<u>(7,817)</u>	<u>(17,599)</u>	<u>(23,256)</u>

	2008 £'000	2007 £'000
Balance Sheet reconciliation		
Net assets excluding pension liability	263,150	259,300
Net pension liability	(7,817)	(17,599)
Net assets including FRS17 pension liability	255,333	241,701
Reserves note		
Capital and Reserves excluding pension liability	263,150	259,300
Pension liability	(7,817)	(17,599)
Capital and Reserves including FRS17 pension liability	255,333	241,701
Analysis of amounts charged to operating profit		
Current service costs	2,395	2,406
Amount charged to other finance income		
Expected return on assets	5,383	4,315
Interest on scheme liabilities	(5,630)	(5,024)
Net charge	(247)	(709)
Amount recognised in Statement of Total Recognised Gains and Losses		
Actual less expected return on assets	(8,412)	280
Experience losses on liabilities	(683)	(379)
Effect of change in assumptions on liabilities	21,406	3,163
Total Gain recognised in Statement of Total Recognised Gains and Losses	12,311	3,064
Movement in deficit during the year		
(Deficit) in scheme at beginning of period	(25,141)	(33,222)
Current service cost (excluding members' contributions)	(2,395)	(2,406)
Cash contribution (excluding members' costs)	4,305	8,132
Other finance expenditure	(247)	(709)
Actuarial gain	12,311	3,064
Surplus in scheme at end of period	(11,167)	(25,141)

	2008 £'000	2007 £'000	2006 £'000	2005 £'000
History of experience gains and (losses)				
Difference between expected and actual returns on scheme assets:	(8,412)	280	8,832	1,692
% of assets at year end	(10.50%)	0.30%	12.90%	3.20%
Experience gains/(losses) on scheme liabilities	(683)	(379)	(3,630)	658
% of liabilities at year end	(0.70%)	(0.40%)	(3.60%)	0.80%
Total actuarial gain	12,311	3,064	922	318
% of liabilities at year end	13.40%	2.90%	0.90%	0.40%

Notes to the Financial Statements for the year ended 31 March 2008

6. Employee Information (continued)

The Social Housing Pension Scheme

1. The Places for People Group participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.
2. 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".
3. The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, until 31 March 2008. From April 2008 there are three benefit structures available, namely:
 - 3.1 Final salary with a 1/60th accrual rate.
 - 3.2 Final salary with a 1/70th accrual rate.
 - 3.3 Career average revalued earnings with a 1/60th accrual rate.
4. An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.
5. The Places for People Group has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members at 31 March 2008.
6. The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2008 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.
7. 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.
8. During the accounting period the Group paid contributions at the rate of 17.1%. Member contributions were 7.9%.
9. As at the balance sheet date there were 24 active members of the Scheme employed by the Places for People Group. The Group has closed the Scheme to new entrants.
10. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278m. The valuation revealed a shortfall of assets compared with the value of liabilities of £283m, equivalent to a past service funding level of 82%.
12. The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 31 March 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The last such full valuation was carried out on 30 September 2006. The funding update revealed an increase in the assets of the Scheme to £1,760m and indicated a decrease in the shortfall of assets compared to liabilities to approximately £209m, equivalent to a past service funding level of 89%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.
13. Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.
14. The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% pa
— Investment return pre retirement	7.2
— Investment return post retirement	4.8
— Rate of salary increases to 30 September 2010	5.0
— Rate of salary increases from 1 October 2010	4.0
— Rate of pension increases	2.5
— Rate of price inflation	2.5

15. The valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2013 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

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

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

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

17. 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.
18. Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £283m would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.
19. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).
20. Employers that have closed the Scheme to new entrants, including the Group, are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.
21. 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.
22. Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.
23. If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.
24. 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 that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.
25. The next full actuarial valuation will be carried out as at 30 September 2008.
26. 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.
27. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.
28. 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.

Notes to the Financial Statements for the year ended 31 March 2008

6. Employee Information (continued)

The Lothian Pension Fund

The assets on the fund are held in separate trustee administered fund and the pension cost is assessed with the advice of a qualified actuary.

As only one employee is a member of this scheme details of the actuarial assessment and financial assumptions are not disclosed as they are not material to these financial statements.

The Scottish Federation of Housing Associations' Pension Scheme Closed Employers (SFHA)

1. Castle Rock Edinvar participates in the SFHA Pension Scheme.
2. The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.
3. The Scheme currently operates with a single benefit structure, final salary with a 1/60th accrual rate. From April 2008 are three benefit structures available, namely:
 - 3.1 Final salary with a 1/60th accrual rate.
 - 3.2 Career average revalued earnings with a 1/60th accrual rate.
 - 3.3 Career average revalued earnings with a 1/70th accrual rate
4. An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.
5. Castle Rock Edinvar has elected to operate the final salary with a 1/60th accrual rate, career average revalued earnings with a 1/60th accrual rate or career average revalued earnings with a 1/70th accrual rate benefit structure for active members as at 31 March 2008.
6. The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.
7. 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.
8. During the accounting period Castle Rock Edinvar paid contributions at the rate of 17.5% of pensionable salaries. Member contributions were 7.0%.
9. As at the balance sheet date there were 63 (2007: 72) active members of the Scheme employed by Castle Rock Edinvar. Castle Rock Edinvar has closed the Scheme to new entrants.
10. It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £268m. The valuation revealed a shortfall of assets compared to liabilities of £54m (equivalent to a past service funding level of 83%).
12. The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2007. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £310m and indicated a decrease in the shortfall of assets compared to liabilities to approximately £28m, equivalent to a past service funding level of 91.8%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.
13. Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.
14. The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% pa
— Investment return pre retirement	7.2
— Investment return post retirement	4.9
— Rate of salary increases	4.6
— Rate of pension increases	
Pension accrued pre 6 April 2005	2.6
Pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
— Rate of price inflation	2.6

15. The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males Assumed life expectancy in years at age 65	Females Assumed life expectancy in years at age 65
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

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

Benefit Structure	Long term joint contribution rate (% of pensionable salaries per annum)
Final Salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

17. 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.
18. Following consideration of the results of the valuation it was agreed that the shortfall of £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

Benefit Structure	Joint contribution rate (% of pensionable salaries per annum)
Final Salary 60ths	23.1 comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9 comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9 comprising employer contributions of 11.9% and member contributions of 6.0%

19. A small number of employers, including Castle Rock Edinvar, that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.
20. If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.
21. 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 that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.
22. The next full actuarial valuation will be carried out as at 30 September 2009. An Actuarial Report will be prepared as at 30 September 2008 in line with statutory regulations.
23. 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.
24. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.
25. 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.
26. Castle Rock Edinvar has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt for Castle Rock Edinvar was £9,479,120.

Notes to the Financial Statements for the year ended 31 March 2008

6. Employee Information (continued)

The Scottish Federation of Housing Associations' Pension Scheme Growth Plan

1. Castle Rock Edinvar participates in the Pensions Trust's Growth Plan as an Additional Voluntary Contribution (AVC) vehicle for employees. The Growth Plan is a multi-employer pension Plan where it is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers.
2. Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.
3. The rules of the Growth Plan give the Trustee the power to require employers to pay additional voluntary 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
4. The funding provision of the growth plan at 30 September 2007 indicated an improvement compared to the position at 30 September 2006. In these circumstances no additional contributions from participating employers are required at this point in time.
5. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustees of the plan. The Trustee's current policy is that it only applies to employers with the pre October 2001 liabilities in the plan winding up. The amount of debt can be volatile over time.
6. Castle Rock Edinvar has been notified by the Pension Trust of the estimated employer debt on withdrawal from the growth plan based on the financial position of the plan as at 30 September 2007. As of this date the estimated employer debt for Castle Rock Edinvar was £39,899 (30 September 2006 £70,647). As Castle Rock Edinvar continues to offer membership of the growth plan to employees it therefore regards crystallisation of the buy out debt as remote. No provision for the debt is therefore required.

Other Pension arrangements

Kush Housing Association Limited does not operate its own pension scheme. Instead it contributes, through a preferred supplier, between 7.0 % and 10.5% of the employees taxable salaries to their personal pension plans.

Summary of the Group's pension arrangements

	Number of Group Employees					
	Pension Payments £'000	PfP Group Retirement Scheme	PfP Group Pension Plan	SHPS	SFHA	Other
blueroom properties limited	16	2	1	–	–	–
Bristol Churches Housing Association Limited	90	12	15	4	–	–
Places for People Scotland - Care and Support Limited	74	–	4	–	19	–
Castlerock Edinvar Housing Association	295	–	11	–	63	1
Lothian Homes	27	–	2	–	8	–
Places for People Neighbourhoods	78	8	5	–	–	–
Kush Housing Association Ltd	26	–	10	–	–	4
Places for People Individual Support	791	157	43	1	–	–
Places for People Homes Limited	2,643	407	192	19	–	–
Places for People Landscapes Limited	156	39	5	–	–	–
Places for Children Ltd	55	4	23	–	–	–
Places for People Group Limited	928	107	44	–	–	–
	5,179	736	355	24	90	5

7. Interest Receivable and Similar Income

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Interest on short term investments	172	500	48	41
Interest on equity loan revaluation	257	-	-	-
Other interest receivable from deposits	2,726	1,739	13	11
	<u>3,155</u>	<u>2,239</u>	<u>61</u>	<u>52</u>

8. Interest Payable and Similar Charges

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
On bank loans and overdrafts:				
Repayable within 5 years	33,684	9,726	1	1
Repayable wholly or partly in more than 5 years	19,551	20,384	-	-
	<u>53,235</u>	<u>30,110</u>	<u>1</u>	<u>1</u>
On other loans:				
Repayable within 5 years	5,248	8,680	-	-
Repayable wholly or partly in more than 5 years	21,258	24,029	-	-
	<u>26,506</u>	<u>32,709</u>	<u>-</u>	<u>-</u>
On discounted bonds:				
Interest paid	304	304	-	-
Amortisation of discount	149	134	-	-
	<u>453</u>	<u>438</u>	<u>-</u>	<u>-</u>
On Places for People Group Retirement Benefit Scheme: (Note 6)				
Expected return on pension assets	(5,383)	(4,315)	-	-
Interest on scheme liabilities	5,630	5,024	-	-
	<u>247</u>	<u>709</u>	<u>-</u>	<u>-</u>
Financing costs	2,038	-	-	-
Fair value (gains)/losses on Interest rate swaps	-	(543)	-	-
Less: capitalised interest	(18,424)	(6,801)	-	-
	<u>64,055</u>	<u>56,622</u>	<u>1</u>	<u>1</u>

Notes to the Financial Statements for the year ended 31 March 2008

9. Profit on Ordinary Activities before Taxation

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):				
Depreciation and Impairment:				
Tangible fixed assets	13,064	16,343	–	–
Amortisation of negative goodwill	(442)	(442)	–	–
(Profit)/Loss on disposal of tangible fixed assets other than housing properties	(374)	246	–	–
Payments under operating leases				
Motor vehicles	467	288	139	109
Office equipment	37	923	–	–
Housing properties	660	–	–	–
Auditors' remuneration:				
In their capacity as auditors	165	145	20	19
In respect of all other services	58	47	–	–

The auditors' remuneration in respect of other services primarily relates to special needs and low cost home ownership scheme audit fees and the audit of grants and returns 2008: £58,000 (2007: £47,000) excluding VAT.

10. Tax on Profit on Ordinary Activities

	£'000	2008 £'000	£'000	Group 2007 £'000
(a) Analysis of charge in period				
Current tax				
United Kingdom corporation tax on profits on ordinary activities of the period	1,176		5,014	
United Kingdom corporation tax on capital gain realised during the year	–		430	
Adjustments in respect of prior periods	(106)	1,070	(69)	5,375
Group relief		–		–
Tax on profit on ordinary activities (Note 10b)		1,070		5,375
Deferred tax				
Origination and reversal of timing differences	216		496	
Increase in discount	–		–	
Total deferred tax (Note 10c)		216		496
Total tax charge		1,286		5,871
United Kingdom corporation tax on profits on ordinary activities of the period		1,286		5,441
United Kingdom corporation tax on capital gain realised during the year		–		430
		1,286		5,871

10. Tax on Profit on Ordinary Activities (continued)

(b) Factors affecting tax charge for period

The tax assessed is different than the standard rate of Corporation Tax in the UK (30%).*

The differences are explained below:

	2008 £'000	Group 2007 £'000
Profit on ordinary activities before tax (deduct non tax paying group members)	6,501 (6,524)	19,697 (6,859)
Taxable group profit	(23)	12,838
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(7)	3,851
Expenses not deductible for tax purposes	2,848	2,178
Group relief amounts received	–	(1)
Capital allowances for period in excess of depreciation	9	(180)
Other short term timing differences	(201)	1,417
Capitalised interest allowed as incurred for tax purposes	(635)	(1,567)
Tax Relief on Capital Gains	(926)	–
Adjustments to tax charge in respect of prior periods	(87)	(69)
Unrelieved tax losses	70	–
Difference between Capital Gains for accounts and tax purposes	(1)	(254)
Current tax charge for period (Note 10a)	1,070	5,375

*The Budget 2007 introduced a potential change to the rate of U.K. Corporation Tax. It is proposed that the standard rate of U.K. Corporation Tax will be reduced from 30% to 28%.

Notes to the Financial Statements for the year ended 31 March 2008

10. Tax on Profit on Ordinary Activities (continued)

(c) Factors that may affect future tax charges

	2008 £'000	Group 2007 £'000
Provision for deferred tax		
Accelerated capital allowances	2,084	2,126
Other short term timing differences	(1,553)	(1,864)
Capitalised interest	8,107	8,204
Undiscounted provision for deferred tax	<u>8,638</u>	<u>8,466</u>
Discount	(5,689)	(5,733)
Discounted provision for deferred tax	<u>2,949</u>	<u>2,733</u>
Provision at 1 April	2,733	2,237
Deferred tax charge in profit and loss account for period (Note a)	216	496
Provision at 31 March (Note 25)	<u>2,949</u>	<u>2,733</u>

11. Group Tangible Fixed Assets

	Total Housing Properties (Note 12) £'000	Total Other Fixed Assets (Note 13) £'000	Group Total £'000
Cost			
At 1 April 2007	2,303,366	62,738	2,366,104
Transfer to completed schemes	33,026	–	33,026
Transfer to current assets	1,324	–	1,324
Additions	120,132	23,128	143,260
Transfers to sales assets on disposal	(59,986)	(991)	(60,977)
At 31 March 2008	<u>2,397,862</u>	<u>84,875</u>	<u>2,482,737</u>
Less : SHG and other capital grants			
At 1 April 2007	(1,190,412)	(8,365)	(1,198,777)
Transfer to current assets	(17,377)	–	(17,377)
Received during year	(26,892)	(237)	(27,129)
Disposals	10,453	–	10,453
At 31 March 2008	<u>(1,224,228)</u>	<u>(8,602)</u>	<u>(1,232,830)</u>
Less: Depreciation			
At 1 April 2007	(66,279)	(19,884)	(86,163)
Charge for year			
Depreciation	(9,408)	(3,567)	(12,975)
Impairment	(89)	–	(89)
Eliminated on disposals			
Depreciation	978	448	1,426
Impairment	850	182	1,032
At 31 March 2008	<u>(73,948)</u>	<u>(22,821)</u>	<u>(96,769)</u>
Net book value at 31 March 2008	<u>1,099,686</u>	<u>53,452</u>	<u>1,153,138</u>
Net book value at 31 March 2007	<u>1,046,676</u>	<u>34,489</u>	<u>1,081,165</u>

Included in housing properties are investment properties owned by blueroom properties limited. These are shown at an open market valuation of £122.3m and their original cost was £95.6m.

Notes to the Financial Statements for the year ended 31 March 2008

12. Group Housing Properties

	Completed Housing Properties £'000	LSE & Shared Ownership Housing Properties £'000	Housing Properties in the course of construction £'000	LSE & Shared Ownership Properties in the course of construction £'000	Group Total Housing Properties £'000
Cost					
At 1 April 2007	2,124,554	119,930	49,165	9,717	2,303,366
Transfer to Current Assets	–	(460)	180	1,604	1,324
Additions	(739)	1,190	94,419	25,262	120,132
Transfer to completed schemes	93,105	13,869	(54,421)	(19,527)	33,026
Disposals	(21,704)	(2,752)	(35,530)	–	(59,986)
At 31 March 2008	2,195,216	131,777	53,813	17,056	2,397,862
Social housing grant					
At 1 April 2007	(1,052,348)	(57,143)	(39,450)	(4,378)	(1,153,319)
Received during year	624	(624)	(17,339)	(8,753)	(26,092)
Transfer to completed schemes	(40,826)	(3,200)	37,814	6,212	–
Transfer to Current Assets	–	–	(17,377)	–	(17,377)
Disposals	9,103	1,350	–	–	10,453
At 31 March 2008	(1,083,447)	(59,617)	(36,352)	(6,919)	(1,186,335)
Other capital grants					
At 1 April 2007	(35,321)	(243)	(972)	(557)	(37,093)
Received during year	–	–	(657)	(143)	(800)
Transfer to completed schemes	(35)	–	35	–	–
Disposals	–	–	–	–	–
At 31 March 2008	(35,356)	(243)	(1,594)	(700)	(37,893)
Total grants at 31 March 2008	(1,118,803)	(59,860)	(37,946)	(7,619)	(1,224,228)
Total grants at 31 March 2007	(1,087,669)	(57,385)	(40,422)	(4,935)	(1,190,410)
Depreciation					
At 1 April 2007	(64,120)	(2,159)	–	–	(66,279)
Charge for year					
Depreciation	(8,929)	(479)	–	–	(9,408)
Impairment	(89)	–	–	–	(89)
Eliminated on disposal					
Depreciation	905	73	–	–	978
Impairment	850	–	–	–	850
At 31 March 2008	(71,383)	(2,565)	–	–	(73,948)
Net book value at 31 March 2008	1,005,030	69,352	15,867	9,437	1,099,686
Net book value at 31 March 2007	972,801	60,385	8,707	4,784	1,046,677

LSE denotes Leasehold Schemes for the Elderly.

	2008 £000	2007 £000
Housing properties comprise:		
Freehold	2,048,570	1,961,461
Long leasehold	349,292	341,905
	<u>2,397,862</u>	<u>2,303,366</u>
Total accumulated SHG received and receivable at 31 March		
Revenue grants	5,419	5,419
Capital grants	1,186,335	1,153,318
	<u>1,191,754</u>	<u>1,158,737</u>
<p>SHG (Social Housing Grant) is only repayable on the sale of the property to which it relates.</p> <p>Additions to property costs include an apportionment of staff time directly spent on the administration of development activities amounting to £3.6m (2007: £2.8m).</p> <p>Additions to housing properties in the course of construction during the year included capitalised interest of £1.6m (2007: £0.6m).</p> <p>The Association has a policy to capitalise works to existing stock which it is considered will materially enhance the economic life of the asset, its income generating capacity or will result in a material reduction in annual operating costs.</p>		
Major works amounts capitalised	9,377	9,157
Maintenance costs expensed in the year (Note 3)	64,109	59,758
	<u>73,486</u>	<u>68,915</u>

Notes to the Financial Statements for the year ended 31 March 2008

13. Group Other Fixed Assets

	Commercial and Office Properties					Total £'000
	Motor Vehicles £'000	Furniture and Equipment £'000	Freehold Offices £'000	Long Leasehold £'000	Short Leasehold £'000	
Cost						
At 1 April 2007	595	20,515	35,645	5,100	883	62,738
Additions	-	2,605	9,205	11,318	-	23,128
Disposals	(353)	(214)	(424)	-	-	(991)
At 31 March 2008	242	22,906	44,426	16,418	883	84,875
Government grants						
At 1 April 2007	-	-	(7,699)	(666)	-	(8,365)
Additions	-	-	(237)	-	-	(237)
Disposals	-	-	-	-	-	-
At 31 March 2008	-	-	(7,936)	(666)	-	(8,602)
Less: Depreciation						
At 1 April 2007	(502)	(10,275)	(6,917)	(1,382)	(808)	(19,884)
Charge for year						
Depreciation	(34)	(3,018)	(387)	(107)	(21)	(3,567)
Impairment	-	-	-	-	-	-
Eliminated on disposal						
Depreciation	314	43	91	-	-	448
Impairment	12	170	-	-	-	182
At 31 March 2008	(210)	(13,080)	(7,213)	(1,489)	(829)	(22,821)
Net book value at 31 March 2008	32	9,826	29,277	14,263	54	53,452
Net book value at 1 April 2007	93	10,240	21,029	3,052	75	34,489

14. Fixed Assets – Investments

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Cost at 1 April	32,826	19,847	26	1
Additions in year	3,607	13,122	–	–
Disposals in year	(877)	(151)	–	–
Cost at 31 March	35,556	32,818	26	1
Cash	2	3	–	–
Transfer to revaluation reserve	(11)	5	–	–
Valuation at 31 March	35,547	32,826	26	1
External loans and cash deposits	35,547	32,826	–	–
			Group 2008 Total £'000	Group 2007 Total £'000
Debt service reserves			35,232	32,503
Grace Gillett Trust			165	173
Trade investment, 5% of ordinary share capital of Viridian Concepts Ltd			150	150
			35,547	32,826

In addition to the above investments, share capital of £23 (2007: £23) is held in the Spitalfields Cloisters Management Company Limited.

The parent company, Places for People Group Limited does not have any external investments.

The external loans and cash deposits are as follows:

An investment in a sinking fund account is held in trust for the Group and charged in favour of The Housing Finance Corporation (THFC), to be used for the repayment of the 7% Debenture 2009. The investment is shown at cost.

Investments in Debt Servicing Reserves are held in trust for the Group by the Prudential Trustee Company as security against the 6.625% Eurobond 2038, the 5.09% secured Bond 2024, and by Abbey National Treasury Services as security against a fixed rate loan of £80m and the loan for blueroom properties limited. The reserves equate to one year's payment of interest and principal and are shown at cost.

The Grace Gillett Trust is an investment held by the Group from a bequest to support a particular scheme.

Notes to the Financial Statements for the year ended 31 March 2008

15. Home Buy Loan

	2008 £'000	2007 £'000
Gross valuation		
At 1 April	14,133	2,755
Additions in year	12,426	11,498
Net appreciation in year	656	–
Disposals in year	(112)	(120)
At 31 March	27,103	14,133
Social Housing Grant		
At 1 April	(13,477)	(2,756)
Additions in year	(11,970)	(10,796)
Net appreciation in year	(399)	–
Disposals in year	112	75
At 31 March	(25,734)	(13,477)
Net book value at 31 March	1,369	656

16. Investments In Joint Ventures

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Share of assets				
Share of fixed assets	–	–	–	–
Share of current assets	–	7,497	–	–
	–	7,497	–	–
Share of liabilities				
Liabilities due within one year or less	–	(7,091)	–	–
Liabilities due after more than one year	–	–	–	–
	–	(7,091)	–	–
Share of net assets	–	406	–	–
Share of turnover	2,664	3,753	–	–
Share of operating profit during the year	40	217	–	–

During the year Emblem Homes acquired the remaining 50% of the ordinary share capital of Upper Strand Developments Ltd, a development company.

During the year Places for People Development acquired the remaining 50% ordinary share capital in Making Places from Cofton Limited.

17. Stock

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Land	353,151	85,326	–	–
Properties in construction	124,027	68,840	–	–
Completed properties	39,977	20,794	–	–
Total housing and land stock	517,165	174,960	–	–
Vouchers	18	30	–	–
Total stock	517,183	174,990	–	–

Stock of housing properties comprises acquisition and development expenditure on housing improved for sale and agency schemes in development.

Capitalised development interest charged to stock during the year is £17.6m (2007: £6.2m).

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

The long term debtors are agency leases which relate to assets transferred to other organisations under lease, and which are being accounted for in accordance with the requirements of Statement of Standard Accounting Practice No 21.

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Derivative financial instruments	17	643	–	–
Agency leases	194	225	–	–
Trade debtors	275	–	–	–
	486	868	–	–

19. Debtors: amounts falling due within one year

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Amounts falling due within one year:				
Rental debtors	9,922	11,342	–	525
Less: Provision for bad and doubtful debts	(3,705)	(3,802)	–	–
	6,217	7,540	–	525
Other trade debtors	15,911	10,273	20	–
Corporation Tax	1,196	–	–	–
Amounts due from group undertakings	–	–	205	123
Sundry debtors, prepayments and accrued income	40,596	1,715	756	482
Derivative financial instruments	185	338	–	–
Loans to employees	70	41	8	–
	64,175	19,907	990	1,130

Included in Sundry debtors is a deferred tax asset of £35,743 (2007: £23,598).

Notes to the Financial Statements for the year ended 31 March 2008

20. Current Asset Investments

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Bank deposits repayable within one month	9,330	24,341	–	–

21. Creditors: amounts falling due within one year

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Housing loans principal payable within one year	144,560	7,263	–	–
Derivative financial instruments held to manage the interest rate profile	93	–	–	–
Finance leases	85	95	–	–
	144,738	7,358	–	–
Bank balances	1,414	293	–	–
Interest on housing loans	7,763	6,203	–	–
Trade creditors	5,999	15,483	126	337
Other creditors and accruals	59,546	22,053	1,066	1,104
Payments received on account	10,033	11,872	–	–
Prepaid rent	4,248	3,713	–	–
Tenant services replacement creditor	–	117	–	–
	233,741	67,092	1,192	1,441

22.a. Creditors: amounts falling due after more than one year

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Debt				
Debenture stock / bonds	420,119	421,081	-	-
Discounted bonds (Note 24)	4,092	3,943	-	-
Housing and bank loans	991,005	588,167	-	-
Deferred financing (Note 23)	-	(6,102)	-	-
	<u>1,415,216</u>	<u>1,007,089</u>	<u>-</u>	<u>-</u>
Derivative financial instruments held to manage the interest rate profile	925	-		
Other financial liabilities				
Obligations under finance leases	552	564	-	-
Recycling Capital Grant Funds (Note 22.b.)	7,559	8,421	-	-
Disposal Proceeds Fund (Note 22.b.)	3,403	1,291	-	-
Other	6,310	5,993	-	-
Total of other financial liabilities	<u>17,824</u>	<u>16,269</u>	<u>-</u>	<u>-</u>
Total creditors	<u>1,433,965</u>	<u>1,023,358</u>	<u>-</u>	<u>-</u>
Less: payable within one year	(144,738)	(7,358)	-	-
Total creditors: amounts falling due after more than one year	<u>1,289,227</u>	<u>1,016,000</u>	<u>-</u>	<u>-</u>

The total value of the loans subject to a guarantee is £109.3m (2007: £122.6m). These guarantees are provided by Financial Security Assurance, Northern Rock and Co-operative Bank.

All loans are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest from, 5.0% - 16.66%, in instalments.

Included within Housing and bank loans is the amount of £5.7m (2007: £5.6m) which relates to the cost of debt issue.

Analysis of debt and other financial liabilities

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
These are repayable as follows:				
In less than one year	144,738	7,358	-	-
In one year or more but less than two years	62,233	12,673	-	-
In two years or more but less than five years	149,275	260,849	-	-
In more than five years				
By instalments	836,421	494,439	-	-
Not by instalments	241,298	248,039	-	-
	<u>1,433,965</u>	<u>1,023,358</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 March 2008

Creditors: amounts falling due after more than one year (continued)

22.b. Recycled Capital Grant Fund

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Opening balance	9,712	8,177	-	-
Inputs to reserve:				
Grants recycled	5,132	4,482	-	-
Interest accrued	366	314	-	-
New build	(857)	(218)	-	-
Major repairs and works to existing stock	(1,298)	(1,891)	-	-
Rehab, ESP and OTS units	(2,093)	(1,152)	-	-
Closing balance	<u>10,962</u>	<u>9,712</u>	<u>-</u>	<u>-</u>
Amount due for repayment to the Housing Corporation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

23. Deferred Financing Costs

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
At 1 April	6,102	5,711	-	-
Mortgage interest	941	1,069	-	-
Transfer to profit and loss account	(708)	(678)	-	-
Loan redemption	(6,335)	-	-	-
At 31 March	<u>-</u>	<u>6,102</u>	<u>-</u>	<u>-</u>

In accordance with the accounting policies set out in note 1, deferred interest is released to the Profit and Loss Account over the period to maturity of each of the loans.

24. Analysis of Discounted Bonds

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Discounted bonds issued:				
7% Debenture Stock 2009	4,350	4,350	-	-
In Issue at 31 March	<u>4,350</u>	<u>4,350</u>	<u>-</u>	<u>-</u>
Less: Deferred interest				
Deferred at 1st April	407	540	-	-
Transfer to profit and loss account	(149)	(133)	-	-
Deferred at 31 March	<u>258</u>	<u>407</u>	<u>-</u>	<u>-</u>
Net value at 31 March	<u>4,092</u>	<u>3,943</u>	<u>-</u>	<u>-</u>

Discounted bonds are secured by charges on the assets of the Group.

25. Provisions for Liabilities and Charges

	As at 1 April 2007 £'000	Change in Provision £'000	Expenditure in year £'000	As at 31 March 2008 £'000
Committed maintenance costs	1,140	438	(1,051)	527
Provision for deferred taxation	2,733	216	–	2,949
Provision for legal costs	83	–	(83)	–
Restructure costs	–	2,500	–	2,500
	<u>3,956</u>	<u>3,154</u>	<u>(1,134)</u>	<u>5,976</u>

Committed maintenance costs relate to costs expected to be incurred whilst making structural repairs to fixed asset properties.

The legal claims relate to claims for damages and legal fees following damp disrepair in several properties.

26. Group Movement on Reserves

	Designated and Restricted Reserves £'000	Investment Revaluation Reserve £'000	Negative Goodwill £'000	Revenue Reserve £'000	Total 2008 £'000	Total 2007 £'000
At 1 April	44,215	25,994	30,181	141,353	241,743	224,792
Profit on shared ownership 1st tranche sales	–	–	–	–	–	2,342
Depreciation on shared ownership 1st tranche sales	–	–	–	–	–	(50)
At 1 April restated	<u>44,215</u>	<u>25,994</u>	<u>30,181</u>	<u>141,353</u>	<u>241,743</u>	<u>227,084</u>
Profit for the year before designations	–	–	–	5,215	5,215	14,256
Transfer to Revenue Reserves	(44,084)	(66)	–	44,150	–	–
Transfer From Revenue Reserves	–	–	–	(1,663)	(1,663)	(5,017)
Goodwill arising in year	–	–	20	–	20	–
Revaluation Surplus	21	656	–	–	677	636
Tax on realised revaluation surplus	–	–	–	–	–	(430)
Amortisation of negative goodwill for the year	–	–	(442)	–	(442)	(442)
Actuarial gain/(loss) on pension scheme	–	–	–	12,311	12,311	3,064
Transfer to Pension Reserve	–	–	–	1,663	1,663	5,017
Change in Deferred Tax Asset re pension scheme	–	–	–	(4,192)	(4,192)	(2,425)
At 31 March (including Pension Liability)	<u>152</u>	<u>26,584</u>	<u>29,759</u>	<u>198,837</u>	<u>255,332</u>	<u>241,743</u>

Included in the Investment Revaluation Reserve are listed investments valued at £16,482 (2007: £48,829) and investment properties valued at £26,595,350 (2007: £24,269,121).

Notes to the Financial Statements for the year ended 31 March 2008

27. Acquisitions

The Group has made the following acquisitions. The details of the Goodwill or Negative Goodwill arising, and the amounts to be amortised, are set out below. For Registered Social Landlords, the Negative Goodwill arising is amortised over the remaining useful lives of the underlying housing properties. The Negative Goodwill arising on Edinvar Community Care Limited has been amortised over 10 years, over which the benefit is expected to accrue.

Date of Acquisition	Company	At 1 April 2007 £'000	Acquired in the year £'000	Amortised in the Year £'000	At 31 March 2008 £'000
1 October 1999	Bristol Churches HA Ltd	14,476	–	(203)	14,273
4 July 2001	Edinvar Housing Association Ltd	8,315	–	(113)	8,202
4 July 2001	Places for People Scotland - Care and Support Ltd	171	–	(40)	131
4 July 2001	Kush Housing Association Ltd	7,219	–	(86)	7,133
13 December 2007	Making Places LLP	–	20	–	20
		<u>30,181</u>	<u>20</u>	<u>(442)</u>	<u>29,759</u>

28. Financial Instruments

Financial risk management objectives and policies

The Group's Treasury function is responsible for the management of funds and control of the associated risks. Its activities are governed in accordance with Board approved policy and are subject to regular audit. The function does not operate as a profit centre.

The Group's policy is to retain minimal cash whilst targeting facilities to finance one year's cashflow including contingency for a maximum 3 months sales slippage and a further £30m to resource opportunistic investment. Cash projections cover a 3 year period to continuously monitor future borrowing requirements.

The Board exercises strict control over derivative transactions (currently 41.9% of debt is at fixed rates of interest, whilst a further 7.6% is hedged against adverse rate movements).

Refinancing risk (defined as loans which do not include some form of amortisation or sinking fund provision) is constrained to no more than 50% of the loan book beyond 5 years.

The net cash outflow from operating activities before interest costs was £254m (2007: £58m inflow). Bank balances and short term investments were £20m at the year end (2007: £36m). In addition to this, the Group had further available facilities of £219.3m, and a European Medium term Note Programme of £650m.

Interest rate risk

The Group's strategy is to aim over time to contain interest rate risk to 20% of the loan book, with the Board exercising a strict control over derivative transactions; currently 49.5% of debt is either held at fixed rates of interest or hedged against adverse rate movements. The Board has approved further control measures to achieve the strategy target.

The Group's borrowings have increased by £408m during the year. The Group manages its exposure to this risk through a mix of debt at fixed rates of interest and interest rate hedging techniques.

It is estimated that each quarter percent increase in interest rates would increase costs by £1.8m per annum

Credit risk

The Group has established strict counterparty credit limits based on the overall level of its investment activity and the credit quality of the institutions with which investments are placed. External fund managers are employed to manage investment in government securities which are held as debt reserves to credit enhance certain loan stocks; these reserves are held at levels in excess of covenanted requirements in order to manage against the risk of short-term movements in financial markets.

The Group only deals with recognised, creditworthy third parties and all receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

28. Financial Instruments (continued)

Refinancing exposure

The Group is in compliance with all of its financial covenants contained within its loan documents and loan stocks trust deeds. The Group defines its refinancing risk as loans which do not include some form of amortisation or sinking fund.

The Group utilises short-term revolving bank debt as a consequence of its sales programme. Currently 48.9% of debt matures within the next 5 years, of which 9.6% of debt matures during the next financial year.

Hedging

The Group hedges its interest rate risk by taking out interest rate swaps to fix the interest flows at between 4.040% and 6.279%. At 31 March 2008 the Group held interest rate swaps on floating rate debt of £108m. The interest rate swaps are held on the Balance Sheet at fair value see Notes 19, 21 and 22.

Interest rate risk of financial instruments

For each class of interest bearing financial asset and financial liability, the following tables indicate the range of interest rates effective at the balance sheet date, the carrying amount on the balance sheet and the periods in which they reprice, if earlier than the maturity date.

Interest rate risk of financial assets as at 31 March 2008

	Effective Interest Rate %	Total Carrying Amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Group Over 5 years £'000
Fixed asset investments:								
Fixed rate	6.99%	26,276	–	2,670	–	–	–	23,606
Floating rate	5.17%	9,271	–	–	–	–	–	9,271
Investment in shared equity		27,103	–	–	–	–	–	27,103
		<u>62,650</u>	<u>–</u>	<u>2,670</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>59,980</u>
Current asset investments		9,330	9,330	–	–	–	–	–
Cash at bank and in hand		10,307	10,307	–	–	–	–	–
Long term debtors		469	–	–	–	–	–	469
Derivative financial instruments held to manage interest rate risk		202	185	17	–	–	–	–
		<u>82,958</u>	<u>19,822</u>	<u>2,687</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>60,449</u>

All financial assets carry a fixed interest rate unless otherwise shown.

Notes to the Financial Statements for the year ended 31 March 2008

28. Financial Instruments (continued)

Interest rate risk of financial assets as at 31 March 2008 (continued)

Comparative figures as at 31 March 2007 were, as follows:

	Effective Interest Rate %	Total Carrying Amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Group Over 5 years £'000
Fixed asset investments:								
Fixed rate	3.48%	24,055	–	–	2,289	–	–	21,766
Floating rate	4.72%	8,771	–	–	–	–	–	8,771
Investment in shared equity		14,133	–	–	–	–	–	14,133
		<u>46,959</u>	<u>–</u>	<u>–</u>	<u>2,289</u>	<u>–</u>	<u>–</u>	<u>44,670</u>
Current asset investments		24,341	24,341	–	–	–	–	–
Cash at bank and in hand		11,232	11,232	–	–	–	–	–
Long term debtors		225	–	–	–	–	–	225
Derivative financial instruments held to manage interest rate risk		981	337	278	192	117	57	–
		<u>83,738</u>	<u>35,910</u>	<u>278</u>	<u>2,481</u>	<u>117</u>	<u>57</u>	<u>44,895</u>

Trade and other receivables are not included in the above tables as they are non-interest bearing and are not subject to interest rate risk

Interest rate risk of financial liabilities as at 31 March 2008

	Effective Interest Rate %	Total Carrying Amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Group Over 5 years £'000
Stocks and bonds:								
Fixed rate	7.68%	420,119	1,028	1,096	1,171	1,249	1,334	414,241
Discounted bonds	7.00%	4,092	–	4,092	–	–	–	–
		<u>424,211</u>	<u>1,028</u>	<u>5,188</u>	<u>1,171</u>	<u>1,249</u>	<u>1,334</u>	<u>414,241</u>
Housing Loans:								
Fixed rate	8.37%	160,664	2,802	3,805	3,493	7,454	3,808	139,302
Floating rate	7.04%	821,158	132,307	28,087	196,532	208,774	94,871	160,587
Index linked	4.70%	9,183	–	311	367	429	497	7,579
		<u>991,005</u>	<u>135,109</u>	<u>32,203</u>	<u>200,392</u>	<u>216,657</u>	<u>99,176</u>	<u>307,468</u>
Other financial liabilities		43,558	85	467	10,962	–	–	32,044
Derivative financial instruments held to manage interest rate risk		925	93	76	67	40	21	628
		<u>1,459,699</u>	<u>136,315</u>	<u>37,934</u>	<u>212,592</u>	<u>217,946</u>	<u>100,531</u>	<u>754,381</u>

All financial liabilities carry a fixed interest rate unless otherwise shown.

Interest rate risk of financial liabilities as at 31 March 2008 (continued)

Comparative figures as at 31 March 2007 were, as follows:

	Effective Interest Rate %	Total Carrying Amount £'000	Within 1 year £'000	1-2 years £'000	2-3 years £'000	3-4 years £'000	4-5 years £'000	Group Over 5 years £'000
Stocks and bonds:								
Fixed rate	7.68%	421,081	963	1,028	1,097	1,171	1,249	415,573
Discounted Bonds	7.00%	3,943	–	–	3,943	–	–	–
		<u>425,024</u>	<u>963</u>	<u>1,028</u>	<u>5,040</u>	<u>1,171</u>	<u>1,249</u>	<u>415,573</u>
Housing Loans:								
Fixed rate	8.00%	161,817	4,547	2,635	3,594	3,292	7,021	140,728
Floating Rate	5.93%	405,416	1,667	7,837	26,958	97,533	122,297	149,124
Index Linked	4.90%	20,934	213	260	311	367	429	19,354
		<u>588,167</u>	<u>6,427</u>	<u>10,732</u>	<u>30,863</u>	<u>101,192</u>	<u>129,747</u>	<u>309,206</u>
Deferred financing		(6,102)	–	–	–	–	–	(6,102)
Other financial liabilities		29,746	95	469	9,712	–	–	19,470
		<u>1,036,835</u>	<u>7,485</u>	<u>12,229</u>	<u>45,615</u>	<u>102,363</u>	<u>130,996</u>	<u>738,147</u>

Trade and other payables are not included in the above tables as they are non-interest bearing and are not subject to interest rate risk

Borrowing Facilities

At 31 March The Places for People Group Limited had undrawn committed borrowing facilities expiring as follows:

	2008 £'000	Group 2007 £'000
In one year or less, or on demand	32,540	45,639
In more than one year but not more than two years	10,000	–
In more than two years	176,797	138,763
	<u>219,337</u>	<u>184,402</u>

£168.4m of the undrawn committed borrowing facilities require fixed charge security to be placed with lenders (2007: £9.7m)

Notes to the Financial Statements for the year ended 31 March 2008

28. Financial Instruments (continued)

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying values and fair values of all of the Group's financial instruments. None of the financial assets or liabilities have been reclassified during the year.

	Note	2008 Book value £'000	2008 Fair value £'000	Group 2007 Book value £'000	Group 2007 Fair value £'000
Financial assets					
Fixed asset investments	14 & 15	62,650	63,707	46,959	47,413
Current asset investments	20	9,330	9,330	24,341	24,341
Cash at bank and in hand		10,307	10,307	11,232	11,232
Long term debtors	18	469	469	225	225
Derivative financial instruments held to manage interest rate risk	18	17	17	643	643
Financial assets falling due within one year	19	28,268	28,268	17,261	17,261
		<u>111,041</u>	<u>112,098</u>	<u>100,661</u>	<u>101,115</u>
Financial liabilities					
Debenture stocks and bonds	22	420,119	420,119	421,081	467,001
Housing loans	22	991,005	991,005	588,167	596,700
Discounted bonds	24	4,092	4,092	3,943	3,943
Derivative financial instruments held to manage interest rate risk	22	925	925	–	–
Other financial liabilities	22 & 15	43,558	43,558	29,746	29,746
Deferred financing	23	–	–	(6,102)	(6,102)
Financial liabilities falling due within one year	21	65,855	65,855	35,788	35,788
		<u>1,525,544</u>	<u>1,525,554</u>	<u>1,072,623</u>	<u>1,127,076</u>

29. Reconciliation of Net Operating Profit to Net Cash Inflow from Operating Activities

	2008 £'000	Group 2007 £'000
Operating profit for the year before interest and taxation	61,237	65,970
Depreciation and impairment	13,064	16,343
Provisions - charge	3,154	1,719
Provisions - expenses	(1,134)	–
(Increase) in stock and work in progress	(313,238)	(41,043)
Decrease / (increase) in debtors	(41,942)	14,864
Decrease / (increase) in long term debtors	(244)	859
Increase in creditors	26,588	4,498
Increase in long term creditors	317	–
Amortisation of negative goodwill	(442)	(442)
FRS17 Pension Adjustment	(1,663)	(5,018)
Net cash inflow from operating activities	<u>(254,303)</u>	<u>57,750</u>

30. Reconciliation of Net Cashflow to Movement in Net Debt

	2008 £'000	Group 2007 £'000
Decrease in cash in the period	(2,046)	(546)
Cash inflow from net increase in debt	(407,966)	(54,068)
Cash (inflow)/outflow from change in liquid resources	(15,011)	11,054
Change in net debt resulting from cashflows	<u>(425,023)</u>	<u>(43,560)</u>
Amortisation of discount	(149)	(133)
	<u>(425,172)</u>	<u>(43,693)</u>
Opening net debt	(972,373)	(928,680)
Closing net debt	<u>(1,397,545)</u>	<u>(972,373)</u>

31. Analysis of Changes in Net Debt

	At 1 April 2007 £'000	Cashflows £'000	Other changes £'000	Group At 31 March 2008 £'000
2007/08				
Cash at bank and in hand	11,232	(925)	–	10,307
Overdrafts	(293)	(1,121)	–	(1,414)
	<u>10,939</u>	<u>(2,046)</u>	<u>–</u>	<u>8,893</u>
Debt due within 1 year	(7,358)	(137,380)	–	(144,738)
Debt due after 1 year	(1,000,295)	(270,586)	(149)	(1,271,030)
Current asset investments	24,341	(15,011)	–	9,330
Total	<u>(972,373)</u>	<u>(425,023)</u>	<u>(149)</u>	<u>(1,397,545)</u>

Notes to the Financial Statements for the year ended 31 March 2008

32. Capital Commitments

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	10,910	55,620	–	–
Capital expenditure that has been authorised by the Board of Directors	22,424	83,677	–	–

The Group has the necessary financing in place to meet these commitments.

The commitments under non-cancellable operating leases for the following year, analysed according to the period in which each lease expires, are set out below.

	Motor Vehicles 2008 £'000	Group Office Equipment 2008 £'000	Motor Vehicles 2007 £'000	Group Office Equipment 2007 £'000
In one year or less	974	–	943	4
Between one and two years	559	–	660	–
Between two and five years	158	–	189	–
In five years or more	–	–	–	–
	1,691	–	1,792	4

The housing operating leases relate to housing leased from private landlords under the Housing Association as Managing Agents (HAMA) initiative. No more leases are being entered into under the HAMA project and existing leases have now terminated. The office operating leases relate to leased photocopiers, franking machines and similar equipment.

33. Contingent Liabilities

As at 31 March 2008 the Group had a contingent liability totalling £1m (2007: £1m) in respect of its entire holding of 8³/₄% Treasury stock 2017. The stock is held by the Trustee for Funding for Homes Limited, subject to certain rights, and could be sold should a fellow group borrower fail to service the interest or repay the stock.

The Group is party to certain legal actions arising in the ordinary course of business. While the outcome of these cases is uncertain, the directors believe, on the basis of advice received, that no material loss to the Group will occur. Having made due enquiries the directors are not aware of any further contingent liabilities.

34. Related Party Transactions

One tenant served on the Board of Places for People Group Limited during the year. The tenancy is on normal commercial terms, and the tenant may not use the position to the tenant's advantage.

35. Disclosure of Group Activity

Places for People Group Limited is the parent company of the Group and is required by statute to prepare consolidated accounts. All the group bodies are incorporated in England and Wales, or in Scotland.

	Subsidiaries of Places For People Group Limited	Charities registered with the Charity Commission	Related Companies of Places for People Homes Limited	Housing Associations registered with the Housing Corporation/ Communities Scotland	Bodies incorporated under the Industrial & Provident Societies Act 1965	Companies incorporated under the Companies Act 1985
blueroom investments ltd	S					●
blueroom properties ltd	S					●
Bristol Churches Housing Association Ltd	S	●		●	●	
Castle Rock Edinvar Housing Association Ltd	S			(Scotland) ●	●	
Emblem Homes Ltd	S					●
JVCo Ltd	S					●
Kush Housing Association Ltd	S	●		●	●	
Lothian Homes Ltd	I					●
Making Places LLP	P					
Matrix Land Ltd	S					●
North British Landscapes Ltd			D			●
PfP Developments Ltd	D					●
PfP Regeneration Ltd	D					●
PfP One Ltd	D					●
Places for Children (PfP) Ltd	S					●
Places for People Developments Ltd	S					●
Places for People Financial Services Ltd	S					●
Places for People Homes Ltd	S			●	●	
Places for People Individual Support Ltd	S	●		●	●	
Places for People Landscapes Ltd			S			●
Places for People Neighbourhoods Ltd	S	●				●
Places for People Scotland - Care and Support Ltd	I	●				●
Routes to Sustainability Ltd	D					●
Southdoyle Ltd			S			●
Upper Strand Developments Ltd	S					●
Westminster City Homes Ltd						J

“S” denotes a wholly owned subsidiary

“I” denotes an indirect subsidiary - these entities are wholly owned subsidiaries of Castle Rock Edinvar Housing Association Ltd

“T” denotes an entity constituted by a Trust deed

“D” denotes dormant during the financial period

“J” denotes a 50% Joint Venture by JVCo Limited

“P” denotes a 50% held Limited Liability Partnership

Notes to the Financial Statements for the year ended 31 March 2008

36. Fixed Assets - Investments of Places for People Group Limited

	2008 £	Group 2007 £
Cost at 1 April	608	505
Additions	–	103
Cost at 31 March	<u>608</u>	<u>608</u>

This represents a capital contribution from Places for People Group Limited for a fixed asset investment of shares in JVCo Limited, Emblem Homes Limited, PfP Developments Limited, blueroom investments limited and blueroom properties limited.

37. Lottery Grant Funding

The Group parent has received grant funding during the year from the Big Lottery Fund. These funds were held for landscaping feasibility projects.

	2008 £'000	Group 2007 £'000	2008 £'000	Company 2007 £'000
Grant claimed during the period	62	628	–	628
Amounts received	(572)	(116)	(510)	(116)
To be reclaimed in April 2008	<u>(510)</u>	<u>512</u>	<u>(510)</u>	<u>512</u>

The outstanding claim value is included within other trade debtors (Note 19)

38. Accounting Disclosure: Homebuy Grants and Loans

The Accounting Requirements for Registered Social Landlords: General Determination 2006, amended the disclosure requirements for Homebuy Grants and Loans. The Balance Sheet, Cash Flow Statement and notes to the accounts for both Fixed Assets Investments and Creditors: Amounts Falling Due within one Year have been restated in accordance with these requirements.

39. Capital of Places for People Group Limited

	2008 £	Company 2007 £
Capital contributions	608	608
Member shares	13	13
	<u>621</u>	<u>621</u>

40. Stock of Housing

	2008	Group 2007
General needs rental	38,769	38,106
Housing for older people	3,549	3,851
Supported housing	2,896	3,093
Market rented	5,254	4,596
Leased housing under 100%	4,009	4,035
Leased housing freehold only	5,300	5,241
Staff	94	111
Other	–	39
Total unit numbers	<u>59,871</u>	<u>59,072</u>
Managed by others	<u>852</u>	<u>2,652</u>

Places for People Group managed 57,187 of the above properties.

Between the current and comparative years there were changes to the definitions of the categories shown above.

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