

INNOVATION
PLACEMAKING
SUSTAINABILITY
NEIGHBOURHOODS
OF CHOICE
INVOLVEMENT
SUPPORT
ENTERPRISE
REGENERATION
DIVERSITY



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Group Consolidated Highlights

Five Year Summary for the year ended 31 March 2009

	2009	2008	2007	2006	2005
Group Profit and Loss account (£'000)					
Total turnover	283,818	254,733	338,159	271,786	226,817
Net rents receivable from social housing lettings	176,055	166,796	161,540	155,576	142,460
Operating profit before interest	65,409	61,237	65,970	62,770	65,704
Profit on ordinary activities before taxation	2,170	6,501	19,697	14,459	15,670
Profit on ordinary activities before taxation excluding Exceptional Items and Land Impairment	8,944	9,001	19,697	14,459	15,670
Group Balance Sheet (£'000)					
Tangible fixed assets	2,894,968	2,482,737	2,366,104	2,280,960	2,225,741
Investment in new housing properties during the year	137,389	120,132	107,710	120,471	114,530
Total expenditure on repairs and improvements	63,982	73,486	68,915	61,414	47,609
Social housing grant and other capital grants	1,250,608	1,232,830	1,198,776	1,155,836	1,140,363
Tangible assets net of all grants and depreciation	1,533,088	1,153,138	1,081,165	1,053,950	1,014,328
Loans	1,581,468	1,415,216	1,007,089	950,250	889,879
Reserves	242,457	255,333	241,700	227,041	210,338
Accommodation Figures					
Total housing stock owned (number of dwellings)	59,258	59,047	58,806	57,904	55,691
Total housing stock owned and managed	59,703	59,483	59,072	58,625	57,190
Group Statistics					
Profit on ordinary activities as % of turnover	0.8%	2.6%	5.8%	5.3%	6.9%
Operating profit before interest per home owned	£1,104	£1,038	£1,122	£1,084	£1,180
Total reserves per home owned	£4,092	£4,326	£4,110	£3,921	£3,777
Interest cover before depreciation <i>(profit before charging depreciation and interest payable, divided by net interest payable)</i>	1.4	1.3	1.5	1.3	1.4
Interest cover after depreciation <i>(profit after charging depreciation but before interest payable, divided by net interest payable)</i>	1.1	1.1	1.2	1.1	1.2
Liquidity <i>(current assets divided by current liabilities)</i>	1.8	2.6	3.4	2.3	1.9
Gearing <i>(total loans less current asset investments as % of tangible fixed assets)</i>	56.3%	62.4%	41.8%	42.1%	39.9%

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

The profit of £2.2m (2008: £6.5m) has been achieved after charging depreciation on housing properties of £12.7m (2008: £9.4m).

The total reserves per home owned includes negative goodwill on acquisitions of £29.3m (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
E Bryan: Group Director, Place (Appointed 4th August 2008)
R Carayol MBE (Appointed 1st June 2008)
S Crouch OBE
E Mani (Appointed 1st June 2008)
V Owen OBE
C Phillips
A Tucker
G S Watson OBE
C Dennis (Resigned 30th September 2008)
D Stewart (Resigned 31st July 2008)

Executive Directors of the Group

Group Chief Executive	D Cowans
Group Director Finance and IT	S Binks
Group Director Development	D Shaw
Group Director Operations	D Stewart (Resigned 31st July 2008)
Group Director Place	E Bryan (Appointed 4th August 2008)
Company Secretary	C P Martin (Appointed 12th August 2008)
	S Binks (Resigned 12th August 2008)

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 & Hamlins, London

Registered Office

305 Gray's Inn Road
London
WC1X 8QR

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 2009.

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. 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. 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 Limited is a non-charitable registered provider of social housing through which the majority of housing for rent and for sale is developed and managed.

blueroom properties limited focuses on market renting to assist the Group in developing mixed tenure communities.

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

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 Limited is a charitable registered provider of social housing which focuses on care and supported housing activities.

Places for People Neighbourhoods is a registered charity which aims to improve communities and the quality of life of the people living within them, particularly those who are disadvantaged 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 locations 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 (£199m, 70% of turnover), Market Renting (£16m, 6% of turnover) and outright Property Sales (social and non-social) (£46m, 16% of turnover).

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 acquisition 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 ensures that structures and governance continually 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.

Vision, Objectives and Strategies

The Group’s purpose is to create and manage neighbourhoods of choice by operating in a socially responsible and sustainable manner. The Group’s vision is to be one of the leading residential development, regeneration and management 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 to produce 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 by 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 59,703 social rented and leasehold homes with a mixture of tenures that include rented housing and apartments for families, couples and single people;
- Providing the support required for individuals to live independently in the community. Our portfolio of 6,990 such 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 5,500 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 stakes in properties being acquired by our tenants. Providing flexibility and choice for our 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 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 (PfP) Limited has invested over £8 million 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 focuses on fulfilling the following 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 of the Group and position it through **marketing and 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 a community programme for kids and teenage single mothers. The Group has recently achieved Housing Corporation Gold Awards for Environment, Sustainability and Worklessness in the communities we serve. In addition to the charitable work we undertake in the UK, we also work with organisations such as Homelessness International and continue to support 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 and has gained a Bronze Award in the BiTC CSR Index.

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 £284m (2008: £255m), an 11% increase over the previous year mainly due to a 5% increase in rental income and increased turnover from the development for sale programme. Income from lettings has increased to £216m (2008: £205m) and property sales have increased to £46m (2008: £33m).

Cost of sales during the year was up from the previous year at £50m (2008: £29m). This was due to increased development for sale activity.

Operating costs were £163m, an increase of £1m on the previous year. Increased costs on the development for sale programme were largely offset by operational savings.

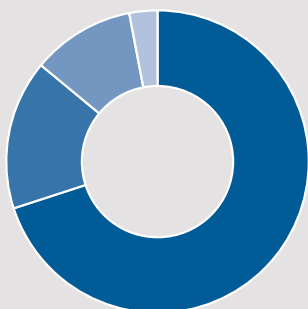
During the year, the Group has provided for costs relating to a fundamental reorganisation (£1.8m) and has made a provision for the impairment of land values of £5m.

The Group's profit for the year before taxation and reserve transfers was £2.2m (2008: £6.5m), the decrease being due mainly to the provision for impairment of land values.

Operating Review (continued)

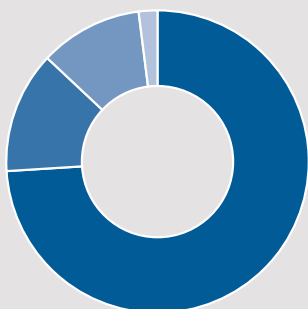
Segmental Analysis of Turnover:

2009



■ Social lettings activities	70%
■ Development for sale	16%
■ Other non-social housing activities	11%
■ Other social housing activities	3%

2008



■ Social Lettings activities	74%
■ Development for sale	13%
■ Other non-social housing activities	11%
■ Other social housing activities	2%

Asset and Housing Management

As at 31 March 2009 the Group owned and managed 59,703 (2008: 59,483) properties of which 445 were managed for others.

The total amount in the year reinvested in stock through repairs and maintenance, major repairs and improvements was £64m (2008: £73.5m), Note 12.

Operational performance is monitored through a number of key performance indicators (KPI's) covering both customers and Groups operational efficiencies. 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.

Operational Performance Indicators

The table below charts the progress of the Group's key performance indicators over the last two financial years. Unless specified, the performance indicators show the position as at the 31 March 2009.

Performance Indicators

	08/09	07/08
Repairs & Gas Servicing		
Emergency repairs (of all emergency repairs notified in the year, the number completed within 24 hours as a % of all emergency repairs completed in the period)	95%	96%
Urgent repairs (of all urgent repairs notified in the year, the number completed within 7 days as a % of all urgent repairs completed in the period)	94%	96%
Routine repairs (of all routine repair notified in the year, the number completed within 28 days as a % of all routine repairs completed in the period)	97%	97%
Customers "very satisfied" with repairs*	48%	30%
Gas Servicing (% of properties without a current CP12)	2.3%	3.8%
Arrears		
Current Tenant Arrears	4.5%	4.1%
Total Arrears	5.3%	4.9%
Voids		
Operational Void Loss	1.2%	1.1%
Total Voids	1.8%	1.8%
Rents		
Rent Collected (rent received as a % of rent charged to date)	98%	100%
Rent and Sale Completions (Units)		
Total Completions [†]	1,101	1,095
Affordable Rent & Sale [†]	818	828
Market Sales [†]	146	105
Market Rent [†]	137	162
Diversity		
Lettings (bme lettings as a % of the total annual lettings)	15%	13%
Staff (bme staff as a % of total staff)	9%	7%
Staff		
Absence (% of absenteeism)	2.5%	2.8%

Notes

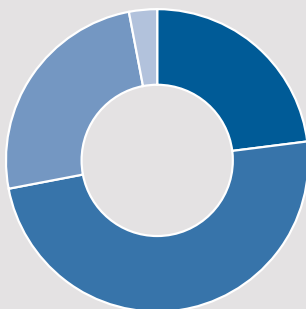
* Average levels of 'very satisfied' measured across the financial year

† Total numbers for each financial year

Development

The Group's development programme continues to grow with 1,068 properties developed during the year, the composition of which is shown in the chart below.

Tenure split of 1,068 properties developed



■ Affordable sale	23%
■ Affordable rent	49%
■ Market sale	25%
■ Market rent	3%

The Group had 2,134 properties in development at the year end and it is anticipated that a further £161m will be spent completing these properties up to the end of 2011/12.

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

The financial year 2008/09 was particularly difficult with regard to housing for sale and shared ownership/shared equity. Like other developers our volumes were reduced but the Group was able to continue selling homes. This was achieved with a number of marketing initiatives such as Try Before You Buy, Homebuy and other such initiatives. In addition there was also an increase in market rental activity. During 2008/09 the Group consolidated its position on large sites acquired during the previous year, starting the replanning process of Smith's Dock in North Shields and working with the Homes and Communities Agency (HCA) to bring Brooklands in Milton Keynes, Corby and Swindon into early production.

Donations

During the year the Group made charitable donations of £nil (2008: £47,222). The Group made no political donations (2008: £nil).

Employment and Equality & Diversity

During the year ended 31 March 2009 the average number of people, expressed as full time equivalents, employed by the Group was 2,197 (2008 : 2,178) ; the actual number of people employed was 2,388 (2008 : 2,547). Employee information is stated in Note 6 to these accounts.

Staff turnover for the Group decreased to 19.7% (2008: 21.3%).

The percentage of staff from a BME background was 9.4% (2008: 6.8%). The percentage of female staff was 59.1% (2008: 60%). The percentage of disabled staff was 3.3% (2008: 2.3%).

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 Benefits 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 Group contributes.

The Pension Trustees have secured the agreement of the Group Board to fund a package of measures to extinguish the pension deficit, (Note 6).

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.

Future Developments and Initiatives

The Group's major developments are being tested and re-planned during the downturn in the market. In Bristol, for example we anticipate making a planning application in autumn 2009 in relation to our Dove Lane site. Our 50/50 joint venture with Land Securities at North Harlow continues to progress and an application for judicial review into the allocation of this site in the Regional Spatial Strategy was dismissed by the High Court in May 2009. We are therefore working with Land Securities to produce a masterplan/planning application for the first 10,000 homes.

Treasury Management

Group net borrowings increased by £166m 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% (2008: 62%).

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 £30 million buffer to resource opportunistic investment. Cash projections cover a 3 year period to continuously monitor future borrowing requirements. The borrowing strategy is to contain interest rate risk to within a range of

Operating Review (continued)

20% to 30% of the loan book; with the Board exercising strict control over derivative transactions (currently 63.7% of debt is at fixed rates of interest, while a further 6.7% 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 within 5 years.

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

Transfer of Engagements

Two transfers of engagements took place during the year: on 31 May 2008 Bristol Churches Housing Association completed a transfer of engagements to Places for People Individual Support while Kush Housing Association completed a similar transfer to Places for People Individual Support on 31 January 2009. These transfers will improve our service delivery and benefit our customers.

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 registered providers of social housing.

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 nine years. 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 & Risk, Strategic Finance, Nominations, Remuneration, Mergers & Acquisitions Committees and an Assurance & Regulation Board, 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.

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 judgement; 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 a clear division of responsibilities between the Chairman and the Chief Executive. The Board 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. Those agreements enable the Board to control the Group and are the basis of the legal structure.

The Group Audit & Risk Management Committee

The Group Audit & 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 membership of the Committee comprises G Watson OBE (Chair), S Crouch OBE, A Tucker and E Mani.

The Committee receives and reviews reports from Business Assurance on a regular basis. 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. It also takes initiatives to satisfy itself that risk avoidance measures are fully embedded within the Group structure and to determine the effectiveness of management actions. 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 Strategic Finance Committee annually reviews the Group's strategic finance plan and monitors the Group's treasury strategy. The Committee also receives reports on financing initiatives.

The membership of the Committee comprises C Phillips (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 employees of 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 membership of the Committee comprises Z Atkins (Chair), R Carayol MBE and S Cox OBE (co opted member).

Mergers and Acquisitions Committee

The membership of the Committee comprises C Phillips (Chair), Z Atkins, D Cowans and S Binks.

Assurance and Regulation Board (ARB)

The ARB monitors and makes regular reports on the operational performance of the Group's regulated businesses to the Group Board.

The membership of the ARB comprises A Tucker (Chair), E Bryan, S Soin, E Barrie, N Dakin, A Frederick, M McCarthy, Z Martin and K Peter (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 2009 is set out below.

Board Members	Board	Audit & Risk	Strategic Finance	Nominations	Remuneration	Mergers & Acquisitions
Z Atkins	8/8	–	–	6/6	6/6	2/2
V Owen OBE	8/8	–	5/7	1/1	6/6	–
S Crouch OBE	8/8	6/6	–	–	–	–
C Dennis	4/4	–	–	4/6	–	–
R Carayol MBE	3/7	–	–	0/2	–	–
E Mani	6/7	3/3	–	–	–	–
C Phillips	7/8	–	5/7	–	–	2/2
A Tucker	6/8	5/6	–	–	–	–
G Watson OBE	8/8	6/6	6/7	–	–	–
D Cowans	7/8	–	–	–	–	1/2
S Binks	8/8	–	–	–	–	2/2
E Bryan	5/5	–	–	–	–	–
D Shaw	7/8	–	–	–	–	–
D Stewart	2/3	–	–	–	–	–
S Cox*	–	–	–	5/6	–	–

* co-opted member

Internal Control and Risk Management

The Group Board is responsible for maintaining and reviewing the Group's system of internal control. The Group Audit & Risk 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 & Risk Committee and Group Board as appropriate. Key tasks for the Strategic Risk Group are overseeing the development of risk policy together with the review and refining of the Risk Management

Framework and associated Risk maps. The Strategic Risk Group also scenario tests key risks and monitors adherence to the risk management processes. The Strategic Risk 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 providers of social housing of the provisions of the Combined Code on Corporate Governance.

The Board believes that the Places for People Group 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 that 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. This addresses a specific requirement of circular 07/07 which states 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 Assurance and Regulation and 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.

Operating Review (continued)

- **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 & Risk 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 & Risk Committee.

- **The Tenant Services Authority Regulatory Code Self – Assessment Report**

The Tenant Services Authority (TSA) prepares a Regulatory Judgement every year where it sets out its overall assessment of Places for People's compliance with the regulatory framework for registered social landlords (RSLs). The Regulatory Judgement sets out the TSA's view on: Financial Viability, Governance and Management. The overall judgements issued by the TSA in the current Regulatory Judgement for Places for People are as follows:

- **Financial Viability** – The Group meets the expectations set out in the Regulatory Code in terms of financial viability;
- **Governance** – The Governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation;
- **Management** – The Group generally meets the standard expected given the context in which it works and the available resources.

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

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2009, 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 16 September 2009 in London.

Going Concern

After making appropriate enquiries, the Board 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.

Responsibilities of the Board of Directors

The Board is required by UK company law to prepare financial statements for each financial year that gives 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 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 2009. The Board also confirms that applicable accounting standards have been followed and that the statements have been prepared on a going concern basis.

The Board 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

15 July 2009

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 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the 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 Director's 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 the Company as at 31 March 2009 and of its profit 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;
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP
St James' Square
Manchester
M2 6DS

20 July 2009

Consolidated Profit and Loss Account

for the year ended 31 March 2009

	Notes	2009 £'000	2008 (Restated) £'000
Turnover	2	283,818	254,733
Cost of sales	2	(50,487)	(29,290)
Operating costs	2	(162,922)	(161,706)
Provision for impairment of land value		(5,000)	–
Operating profit before interest		65,409	63,737
Profit on sale of fixed assets	4	4,555	6,124
Cost of a fundamental reorganisation		(1,774)	(2,500)
Interest receivable and similar income	7	4,927	3,155
Interest payable and similar charges	8	(70,947)	(64,055)
Share of operating profit on joint venture	16	–	40
Profit on ordinary activities before taxation	9	2,170	6,501
Taxation	10	(1,146)	(1,286)
Profit on ordinary activities after taxation		1,024	5,215

All amounts relate to continuing operations.

The Profit & Loss Account for 2008 was restated to draw attention to the provision for a fundamental reorganisation (£2.5m) which was included within Operating costs in the previous year.

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 2009

		2009 £'000	2008 £'000
Profit for the financial year		1,024	5,215
Actuarial (loss)/gain recognised in the pension scheme	6	(8,918)	12,311
Deferred tax arising on losses in the pension scheme	6	2,321	(4,192)
Total recognised (loss)/gain in the period		(6,597)	8,119
Amortisation of negative goodwill	26	(446)	(442)
Fair value loss on interest rate swaps	26	(2,985)	–
Deferred tax arising on losses on interest rate swaps	26	835	–
Expenditure from restricted reserves	26	(49)	–
Goodwill arising in year	26	–	20
Unrealised (loss)/profit on revaluation of investments	26	(4,658)	677
Total gains and losses recognised since the last annual report		(12,876)	13,589

The notes on pages 17 to 56 form an integral part of these financial statements.

Company Profit and Loss Account

for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Turnover		19,961	19,617
Operating costs		(19,975)	(19,677)
Operating loss		(14)	(60)
Interest receivable and similar income	7	19	61
Interest payable and similar charges	8	(5)	(1)
Profit on ordinary activities before taxation		-	-
Taxation		-	-
Profit on ordinary activities after taxation		-	-

The notes on pages 17 to 56 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 2009

	Notes	£'000	2009 £'000	£'000	2008 £'000
Fixed assets					
Intangible fixed assets					
Goodwill	1		503		559
Tangible fixed assets					
Less: SHG and other capital grants	11	(1,250,608)	2,894,968	(1,232,830)	2,482,737
Depreciation	11	(111,272)		(96,769)	
			(1,361,880)		(1,329,599)
			<u>1,533,088</u>		<u>1,153,138</u>
Investments					
Fixed assets investments	14		44,860		35,547
Home buy loan	15	75,696		27,103	
Home buy grant	15	(44,422)		(25,734)	
Other associated liabilities	15	(12,568)		–	
			18,706		1,369
Investments in joint ventures:					
Share of gross assets	16	732		–	
Share of gross liabilities		(54)		–	
			678		–
			<u>1,597,835</u>		<u>1,190,613</u>
Non current assets					
Debtors: amounts falling due after more than one year	18		538		486
Current assets					
Stock	17	239,184		517,183	
Debtors: amounts falling due within one year	19	23,541		64,175	
Investments	20	69,720		9,330	
Cash at bank and in hand		8,404		10,307	
		340,849		600,995	
Creditors: amounts falling due within one year	21	(187,042)		(233,741)	
Net current assets			153,807		367,254
Total assets less current liabilities			<u>1,752,180</u>		<u>1,558,353</u>
Current liabilities					
Creditors: amounts falling due after more than one year	22	1,483,440		1,289,227	
Provisions for liabilities and charges	25	13,051		5,976	
			1,496,491		1,295,203
Pension liability	6		13,232		7,817
Capital and reserves					
Revenue reserves excluding pension liability		206,935		206,654	
Pension liability		(13,232)		(7,817)	
Revenue reserves including pension liability	26	193,703		198,837	
Designated and restricted reserves	26	120		152	
Negative goodwill	26	29,313		29,759	
Revaluation reserves	26	19,320		26,584	
Capital contribution	36	1		1	
Total capital and reserves			242,457		255,333
			<u>1,752,180</u>		<u>1,558,353</u>

The notes on pages 17 to 56 form an integral part of these financial statements.

The financial statements on pages 17 to 56 were approved by the Board of Directors on 15 July 2009, and signed on its behalf by:

Z Atkins
Group Chairman

D Cowans
Group Chief Executive

C Martin
Company Secretary

Company Balance Sheet

as at 31 March 2009

	Notes	£'000	2009 £'000	£'000	2008 £'000
Fixed assets					
Investments	14		26		26
			<u>26</u>		<u>26</u>
Current assets					
Debtors: amounts due within one year	19		1,185		990
Cash at bank and in hand			223		177
			<u>1,408</u>		<u>1,167</u>
Creditors: amounts falling due within one year	21		(1,433)		(1,192)
Net current liabilities			<u>(25)</u>		<u>(25)</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>

The notes on pages 17 to 56 form an integral part of these financial statements.

The financial statements on pages 17 to 56 were approved by the Board of Directors on 15 July 2009, and signed on its behalf by:

Z Atkins
Group Chairman

D Cowans
Group Chief Executive

C Martin
Company Secretary

Consolidated Cashflow Statement

for the year ended 31 March 2009

	Notes	2009 £'000	£'000	2008 £'000	£'000
Net cash inflow / (outflow) from operating activities	29		125,137		(254,303)
Returns on investments and servicing of finance					
Interest received		5,588		1,872	
Interest paid		(98,283)		(79,066)	
Net cash outflow from returns on investments and servicing of finance			(92,695)		(77,194)
Taxation					
Corporation tax paid			2,944		(2,482)
Capital expenditure and financial investment					
Acquisition and construction of housing properties		134,721		(146,960)	
Social housing and other capital grants received		10,341		22,819	
Sales of housing properties		8,920		58,678	
Purchases of other tangible fixed assets		(16,039)		(23,128)	
Sales of other tangible fixed assets		54		361	
Purchased goodwill		–		(539)	
Investments in year		(10,084)		(3,596)	
Investments repaid		44		1,321	
Net cash outflow for capital expenditure and financial investments			(141,485)		(91,044)
Net cash outflow before management of liquid resources and financing			(106,099)		(425,023)
Management of liquid resources					
Decrease / (Increase) in short-term investments			(60,390)		15,011
Financing					
Finance leases repaid			(85)		
Loans received		374,119		759,872	
Loan principal repaid		(208,034)		(351,906)	
Net cash inflow from financing			166,085		407,966
Decrease in cash	31		(489)		(2,046)

The notes on pages 17 to 56 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2009

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 1965-2002:
Castle Rock Edinvar Housing Association Limited
Places for People Homes Limited
Places for People Individual Support Limited

Registered under the Companies Act 1985:

blueroom investments limited
blueroom properties limited
Emblem Homes Limited
JVCo Limited
Lothian Homes Limited
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 Limited
Places for People Financial Services Limited
Places for People Individual Support Limited
Places for People Landscapes Limited
Places for People Neighbourhoods Limited
Places for People Scotland – Care and Support Limited
Routes to Sustainability Limited
Southdoyle Limited
Upper Strand Developments Limited
Westminster City Homes Limited

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 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 Tenant Services Authority 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 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.

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.

Notes to the Financial Statements for the year ended 31 March 2009

1. Principal accounting policies (continued)

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.

Depreciation

Fixed assets, other than freehold land, are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component element to its estimated residual value, on a straight line basis, over the expected remaining useful economic life of the component. Freehold land is not depreciated. The estimated lives of assets and components are as shown in the table below:

Assets	Depreciation Period (Years)
Housing & Commercial Properties:	
Kitchens	20
Bathrooms	20
Boilers	15
External Windows and Doors	30
Roofs	45
Fire Safety Systems	20
Aids and Adaptations	10
Initial and replacement scheme assets	From 1 to 5
Other Elements (new build)	100
Other Elements (rehab)	80
Other Elements (leasehold)	Lesser of Term of lease or 100 years
Shared Ownership Housing	
All Elements (new build)	100
All Elements (rehab)	80
All Elements (leasehold)	Lesser of Term of lease or 100 years
Other Fixed Assets	
Offices (new build)	100
Offices (rehab)	80
Offices (refurbishment)	10
Offices (long leasehold)	Lesser of Term of lease or 100 years
Offices (short leasehold)	10
Equipment	5
Cars and commercial vehicles	5
Computer hardware, software and infrastructure	5

The year to 31 March 2009 represented the first year of full implementation of component accounting (prior to this only three components - land, build and grant were recognised).

The implementation necessitated the posting of a catch up depreciation charge in respect of those component elements of assets completing after 1 April 2003 where the estimated economic life was shorter than the larger component asset of which they were previously part. The adjustment has resulted in an additional depreciation charge of £2.12m in the year to 31 March 2009.

Impairment

For fixed assets with a remaining economic life greater than 100 years an impairment review is carried out on an annual basis in accordance with FRS11. For all other assets 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 Note 3 analysis to the income and expenditure.

Positive Goodwill

Positive goodwill represents the acquisition by Emblem Homes Limited of the remaining 50% stake in Upper Strand Developments Ltd. This is being 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 recycled capital grant funds in creditors. These funds will be used for the provision and improvement 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 as long as net realisable value remains in excess of the carrying cost of the development. 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.

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 deficit 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 the value of investment properties held by blueroom properties limited against their historic cost.

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 2009

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

	Turnover	Cost of Sales	Operating Costs	Operating Profit/(Loss)
	£'000	£'000	£'000	£'000
Lettings activities				
Income and expenditure from social housing lettings (Note 3)	198,565	–	(128,656)	69,909
Income and expenditure from non-social housing lettings	17,773	–	(7,964)	9,809
Total	216,338	–	(136,620)	79,718
Other social housing activities				
Leased schemes	121	–	–	121
Management services	472	–	(306)	166
VAT recoverable	4,494	–	–	4,494
Equity loan funding	1,216	–	(1,030)	186
Other	1,234	–	(3,250)	(2,016)
Total	7,537	–	(4,586)	2,951
Development for sale				
Social Housing Property sales	12,036	(10,645)	(247)	1,144
Shared Ownership 1st tranche sales	12,797	(10,922)	(1,281)	594
Non Social Housing Property Sales	21,375	(28,920)	(7,511)	(15,056)
Total	46,208	(50,487)	(9,039)	(13,318)
Other non-social housing activities				
Commercial Property Lettings	752	–	(587)	165
Other	12,983	–	(12,090)	893
Total	13,735	–	(12,677)	1,058
Total	283,818	(50,487)	(162,922)	70,409

	2009 Turnover £'000	2009 Turnover £'000
Further analysis of turnover from non-social housing activities		
Market Renting		15,663
Student Accommodation		2,110
Total turnover from non-social lettings activities (as above)		17,773
Commercial property lettings		752
Other (as above)		
Community care services income	8,338	
Other	4,645	
Total		12,983
Total		31,508

The Operating Costs for 2008 were restated to draw attention to the provision for a fundamental reorganisation (£2.5m) which was moved to Exceptional Items.

Turnover	Cost of Sales	Operating Costs	Group 2008 (Restated) Operating Profit/ (Loss) £'000
£'000	£'000	£'000	£'000
187,772	–	(135,082)	52,690
17,262	–	(8,125)	9,137
<u>205,034</u>	<u>–</u>	<u>(143,207)</u>	<u>61,827</u>
839	–	–	839
529	–	(226)	303
2,458	–	–	2,458
–	–	–	–
2,434	–	(2,295)	139
<u>6,260</u>	<u>–</u>	<u>(2,521)</u>	<u>3,739</u>
4,109	(3,165)	(414)	530
11,101	(8,936)	(1,320)	845
17,314	(17,051)	(4,651)	(4,388)
<u>32,524</u>	<u>(29,152)</u>	<u>(6,385)</u>	<u>(3,013)</u>
1,578	(138)	(990)	450
9,337	–	(8,603)	734
<u>10,915</u>	<u>(138)</u>	<u>(9,593)</u>	<u>1,184</u>
<u>254,733</u>	<u>(29,290)</u>	<u>(161,706)</u>	<u>63,737</u>

Turnover £'000	2008 Turnover £'000
	15,146
	2,116
	<u>17,262</u>
	1,578
7,701	
<u>1,636</u>	
	9,337
	<u>28,177</u>

Notes to the Financial Statements for the year ended 31 March 2009

3. Group Income and Expenditure from Housing Lettings 2009

	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	140,142	7,192	73	84
Supporting People Block Grant	2,303	340	–	–
Service charges receivable	11,103	4,266	3	1
Rents receivable	153,548	11,798	76	85
Revenue grants from local authorities and other agencies	5,656	789	–	–
Supported People Grant (Short Stay)	206	5,193	–	–
Revenue grants received for major repairs	–	47	–	–
Care Income	195	937	–	123
Other Income	1,882	2,882	–	126
Total income	161,487	21,646	76	334
Expenditure on housing lettings activities				
Services	(11,604)	(4,163)	(14)	(61)
Supporting People Costs	(2,145)	(5,247)	–	(11)
Care Costs	(244)	(1,133)	–	(293)
Management	(24,322)	(3,362)	(23)	(26)
Routine Maintenance	(25,388)	(2,027)	(12)	(43)
Planned Maintenance	(11,352)	(1,490)	(4)	(132)
Rent losses from bad debts	(1,745)	41	5	6
Major repairs expenditure	(6,718)	(380)	–	(13)
Depreciation on housing assets	(8,635)	(499)	–	–
Impairment of housing properties	(1,817)	–	–	–
Property lease charges	–	–	–	–
Other costs	(927)	(156)	(57)	(1)
Total expenditure	(94,897)	(18,416)	(105)	(574)
Operating profit / (loss)	66,590	3,230	(29)	(240)
Void losses	2,891	469	21	7

Shared Ownership £'000	Other £'000	Total Social £'000	Non- Social £'000	Group 2009
				Total £'000
7,336	1,429	156,256	15,065	171,321
85	94	2,822	8	2,830
665	939	16,977	422	17,399
<u>8,086</u>	<u>2,462</u>	<u>176,055</u>	<u>15,495</u>	<u>191,550</u>
–	–	6,445	–	6,445
–	–	5,399	–	5,399
–	–	47	–	47
–	–	1,255	–	1,255
98	4,376	9,364	2,278	11,642
<u>8,184</u>	<u>6,838</u>	<u>198,565</u>	<u>17,773</u>	<u>216,338</u>
(936)	(596)	(17,374)	(541)	(17,915)
(63)	(59)	(7,525)	(4)	(7,529)
–	–	(1,670)	–	(1,670)
(1,999)	(644)	(30,376)	(1,766)	(32,142)
(449)	(277)	(28,196)	(1,252)	(29,448)
(1,279)	(1,087)	(15,344)	(534)	(15,878)
(6)	(5)	(1,704)	(303)	(2,007)
(38)	–	(7,149)	(435)	(7,584)
(530)	(96)	(9,760)	(1,075)	(10,835)
–	–	(1,817)	–	(1,817)
–	(1,079)	(1,079)	–	(1,079)
(69)	(5,452)	(6,662)	(2,054)	(8,716)
<u>(5,369)</u>	<u>(9,295)</u>	<u>(128,656)</u>	<u>(7,964)</u>	<u>(136,620)</u>
<u>2,815</u>	<u>(2,457)</u>	<u>69,909</u>	<u>9,809</u>	<u>79,718</u>
<u>32</u>	<u>36</u>	<u>3,456</u>	<u>129</u>	<u>3,585</u>

Notes to the Financial Statements for the year ended 31 March 2009

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	(27,277)	(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	(108,012)	(17,540)	(842)	(582)
Operating profit / (loss)	45,618	2,160	(237)	(68)
Void losses	2,619	381	33	2

4. Group sale of fixed assets

	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	2009 Operating Profit £'000
Sale of housing accommodation	32,067	(26,131)	(1,394)	4,542
Sale of Other Fixed Assets	25	(12)	–	13
Total	32,092	(26,143)	(1,394)	4,555

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.

Shared Ownership £'000	Other £'000	Total Social £'000	Non- Social £'000	Group 2008 (Restated)
				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)	(32,558)	(1,897)	(34,455)
(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>(135,082)</u>	<u>(8,125)</u>	<u>(143,207)</u>
<u>3,199</u>	<u>2,018</u>	<u>52,690</u>	<u>9,137</u>	<u>61,827</u>
<u>7</u>	<u>8</u>	<u>3,050</u>	<u>695</u>	<u>3,745</u>

Turnover £'000	Cost of Sales £'000	Operating Costs £'000	2008 Operating Profit £'000
29,667	(20,689)	(2,854)	6,124
–	–	–	–
<u>29,667</u>	<u>(20,689)</u>	<u>(2,854)</u>	<u>6,124</u>

Notes to the Financial Statements for the year ended 31 March 2009

5. Directors' Emoluments

The Group is administered by a Board of Directors. The non-executive members received remuneration of £158,224 during the year (2008: £142,019) and received the following reimbursements for expenses.

	2009 £	Group 2008 £
Expenses not chargeable to United Kingdom income tax reimbursed to directors	15,607	25,932
These amounts are not included in the disclosure below.		
In addition to the amounts directly reimbursed to directors, the Group paid £69,262 (2008: £46,092) for travel, subsistence and conference facilities.		
Aggregate emoluments (excluding pension contributions)	1,041,340	1,022,072
Compensation for loss of office	–	–
Retirement benefits are accruing to 4 (2008: 4) directors under the Group's defined benefit scheme.		
Highest paid director:		
Aggregate emoluments (excluding pension contributions) paid to the Group Chief Executive	297,929	291,710
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	53,711	50,198
Accrued lump sum at end of year	43,819	38,018

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	6
£20,001 – £30,000	2	2
£130,001 – £140,000	1	–
£150,001 – £160,000	–	1
£200,001 – £210,000	1	1
£210,001 – £220,000	–	1
£220,001 – £230,000	1	–
£290,001 – £300,000	1	1
	12	12

6. Employee Information

	2009	Group 2008	2009	Company 2008
The average number of employees expressed as full time equivalents (including the Executive Directors) employed during the year was:				
Managing housing services	1,197	1,232	–	–
Developing and selling houses	88	81	–	–
Central administration services	271	232	195	196
Care services	641	633	–	–
	<u>2,197</u>	<u>2,178</u>	<u>195</u>	<u>196</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Staff costs (for the above persons)				
Wages and salaries	56,665	53,338	7,062	7,497
Severance pay	2,714	405	456	46
Social security costs	4,554	4,288	648	645
Pension payments	4,986	5,179	904	928
	<u>68,919</u>	<u>63,210</u>	<u>9,070</u>	<u>9,116</u>

Pension obligations

The pension costs for Places for People Group Limited relate to five schemes of which employees are members; the Places for People Group Stakeholder Scheme, the Places for People Group Retirement Benefit Scheme, the Social Housing Pension Scheme, the Lothian Pension Fund and the Scottish Federation of Housing Associations' Pension Scheme.

The Places for People Group Stakeholder Scheme

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 is a defined benefit scheme which was closed to new members as at 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 2009 there were 608 employees participating in this scheme of which 269 are Places for People Homes Limited employees and 339 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 Association is 23.6% of pensionable salary. These figures are based on a full actuarial valuation at 31 March 2006. 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.

The market value of the scheme's assets was £67,860,000 at 31 March 2009, based on the valuation undertaken by the actuary. At the calculation date the deficit in the Scheme on the FRS17 basis was £18,903,000.

Notes to the Financial Statements for the year ended 31 March 2009

6. Employee Information (continued)

FRS17

The Association is unable to identify its share of the assets and liabilities of the Places for People Group Retirement Benefit scheme. As required by FRS17 the Association is required to disclose the information for the scheme as a whole as set out below:

	2009	2008	2007
The major assumptions used by the actuary were:			
Price inflation	2.75%	3.50%	3.25%
Rate of increase in salaries	3.75%	4.50%	4.25%
Rate of increase in pensions in payment	2.60%	3.25%	3.00%
Discount rate	6.80%	6.50%	5.30%

Mortality Assumptions:

	2009 Years	Males 2008 Years	2009 Years	Females 2008 Years
Currently aged 45	22.8	21.1	25.4	24.1
Currently aged 65	20.9	19.9	23.5	22.9

The expected rates of return on assets are:

	2009 Expected long term return	2008 Expected long term return	2007 Expected long term return
Equities	7.00%	7.00%	7.25%
Bonds	5.00%	5.00%	5.00%
Cash	5.00%	5.00%	5.00%

	2009 Value at 31 March £'000	2008 Value at 31 March £'000	2007 Value at 31 March £'000
Equities	38,855	53,556	55,926
Bonds	26,685	24,398	19,475
Cash	2,320	2,502	5,196
Total market value of assets	67,860	80,456	80,597
Present value of the scheme's liabilities	(86,763)	(91,623)	(105,738)
Deficit in the scheme	(18,903)	(11,167)	(25,141)
Deferred tax asset @ 30%	5,671	3,350	7,542
Net pension liability	<u>(13,232)</u>	<u>(7,817)</u>	<u>(17,599)</u>

	2009 £'000	2008 £'000
Balance Sheet reconciliation		
Net assets excluding pension liability	255,689	263,150
Net pension liability	(13,232)	(7,817)
Net assets including FRS17 pension liability	<u>242,457</u>	<u>255,333</u>
Reserves note		
Capital and Reserves excluding pension liability	255,689	263,150
Pension liability	(13,232)	(7,817)
Capital and Reserves including FRS17 pension liability	<u>242,457</u>	<u>255,333</u>
Analysis of amounts charged to operating profit		
Current service costs	<u>1,978</u>	<u>2,395</u>
Amount charged to other finance income		
Expected return on assets	5,162	5,383
Interest on scheme liabilities	(5,961)	(5,630)
Net charge	<u>(799)</u>	<u>(247)</u>
Amount recognised in Statement of Total Recognised Gains and Losses		
Actual less expected return on assets	(19,983)	(8,412)
Experience gain / (loss) on liabilities	1,469	(683)
Effect of change in assumptions on liabilities	9,506	21,406
Total Gain recognised in Statement of Total Recognised Gains and Losses	<u>(8,918)</u>	<u>12,311</u>
Movement in surplus during the year		
Deficit in scheme at beginning of period	(11,167)	(25,141)
Current service cost (excluding members' contributions)	(1,978)	(2,395)
Cash contribution (excluding members' costs)	3,959	4,305
Other finance expenditure	(799)	(247)
Actuarial gain / (loss)	(8,918)	12,311
Deficit in scheme at end of period	<u>(18,903)</u>	<u>(11,167)</u>

	2009 £'000	2008 £'000	2007 £'000	2006 £'000
History of experience gains and (loss)				
Difference between expected and actual returns on scheme assets:	(19,893)	(8,412)	280	8,832
% of assets at year end	(29.30%)	(10.50%)	0.30%	12.90%
Experience gain / (loss) on scheme liabilities	1,469	(683)	(379)	(3,630)
% of liabilities at year end	1.70%	(0.70%)	(0.40%)	(3.60%)
Total actuarial gain / (loss)	(8,918)	12,311	3,064	922
% of liabilities at year end	(10.30%)	13.40%	2.90%	0.90%

Notes to the Financial Statements for the year ended 31 March 2009

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 2007. From April 2007 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 2009.
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 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.
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 22 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 consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.
12. The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

Valuation Discount Rates	% p.a.
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 1988 Guaranteed Minimum Pension	0.0
Post 1988 Guaranteed Minimum Pension	2.8
Excess over Guaranteed Minimum Pension	3.0

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

13. The valuation was carried out using the following demographic assumptions
 - Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1%p.a.
 - Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%p.a.

14. The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

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

15. 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.
16. Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.
17. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).
18. 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.
19. 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.
20. 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.
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 SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.
22. 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.
23. 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.
24. The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The 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.

Notes to the Financial Statements for the year ended 31 March 2009

6. Employee Information (continued)

The Scottish Federation of Housing Associations' Pension Scheme (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 SFHA Pension Scheme currently operates three benefit structures 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% to 18.9% of pensionable salaries. Member contributions were between 7.0% and 7.7%.
9. As at the balance sheet date there were 53 (2008: 63) 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. SFHA is a multiple employer scheme where the assets are comingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall position of the scheme rather than by reference to individual employer experience. 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 £268 million. The valuation revealed a shortfall of assets compared to liabilities of £54 million (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 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. 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 £54 million 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.
23. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the trustee of the 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 amount 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 2009

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 2008 £39,899). 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.

7. Interest Receivable and Similar Income

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Interest on short term investments	83	172	13	48
Interest on equity loan revaluation	(4)	257	–	–
Other interest receivable from deposits	4,848	2,726	6	13
	<u>4,927</u>	<u>3,155</u>	<u>19</u>	<u>61</u>

8. Interest Payable and Similar Charges

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
On bank loans and overdrafts:				
Repayable within 5 years	52,756	33,684	5	1
Repayable wholly or partly in more than 5 years	14,587	19,551	–	–
	<u>67,343</u>	<u>53,235</u>	<u>5</u>	<u>1</u>
On other loans:				
Repayable within 5 years	5,276	5,248	–	–
Repayable wholly or partly in more than 5 years	25,497	21,258	–	–
	<u>30,773</u>	<u>26,506</u>	<u>–</u>	<u>–</u>
On discounted bonds:				
Interest paid	639	304	–	–
Amortisation of discount	(167)	149	–	–
	<u>472</u>	<u>453</u>	<u>–</u>	<u>–</u>
On Places for People Group Retirement Benefit Scheme: (Note 6)				
Expected return on pension assets	(5,162)	(5,383)	–	–
Interest on scheme liabilities	5,961	5,630	–	–
	<u>799</u>	<u>247</u>	<u>–</u>	<u>–</u>
Financing costs	–	2,038	–	–
Fair value (gains)/losses on Interest rate swaps	4,029	–	–	–
Less: capitalised interest	(32,469)	(18,424)	–	–
	<u>70,947</u>	<u>64,055</u>	<u>5</u>	<u>1</u>

9. Profit on Ordinary Activities before Taxation

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):				
Depreciation and Impairment:				
Tangible fixed assets	17,916	13,064	–	–
Amortisation of negative goodwill	(446)	(442)	–	–
(Profit)/Loss on disposal of tangible fixed assets other than housing properties	13	(374)	–	–
Payments under operating leases				
Motor vehicles	432	467	130	139
Office equipment	54	37	–	–
Housing properties	425	660	–	–
Auditors' remuneration:				
In their capacity as auditors	125	165	17	20
In respect of all other services	36	58	–	–

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 2009: £36,000 (2008: £58,000) excluding VAT.

Notes to the Financial Statements for the year ended 31 March 2009

10. Tax on Profit on Ordinary Activities

	£'000	2009 £'000	£'000	Group 2008 £'000
(a) Analysis of charge in period				
Current tax				
United Kingdom corporation tax on profits on ordinary activities of the period	(510)		1,176	
United Kingdom corporation tax on capital gain realised during the year	–		–	
Adjustments in respect of prior periods	(77)		(106)	
Tax on profit on ordinary activities (Note 10b)		(587)		1,070
Deferred tax				
Origination and reversal of timing differences	1,733		216	
Increase in discount	–		–	
Total deferred tax (Note 10c)		1,733		216
Total tax charge		1,146		1,286
United Kingdom corporation tax on profits on ordinary activities of the period		1,146		1,286
United Kingdom corporation tax on capital gain realised during the year		–		–
		1,146		1,286

(b) Factors affecting tax charge for period

The tax assessed is different than the standard rate of Corporation Tax in the UK (28%).

The differences are explained below:

	2009 £'000	Group 2008 £'000
Profit on ordinary activities before tax (deduct non tax paying group members)	2,170 (8,323)	6,501 (6,524)
Taxable Group loss	(6,153)	(23)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	(1,723)	(7)
Expenses not deductible for tax purposes	4,148	2,848
Capital allowances for period in excess of depreciation	286	9
Other short term timing differences	(1,989)	(201)
Tax Relief on Capital Gains	–	(926)
Group relief – adjustment to reflect amounts paid	17	–
Adjustments to tax charge in respect of prior periods	(1,326)	(87)
Unrelieved tax losses	–	70
Difference between Capital Gains for accounts and tax purposes	–	(1)
Current tax charge for period (Note 10a)	(587)	1,070

(c) Factors that may affect future tax charges

	2009 £'000	Group 2008 £'000
Provision for deferred tax		
Accelerated capital allowances	307	2,084
Other short term timing differences	446	(1,553)
Capitalised interest	8,813	8,107
Undiscounted provision for deferred tax	<u>9,566</u>	<u>8,638</u>
Discount	(5,719)	(5,689)
Discounted provision for deferred tax	<u>3,847</u>	<u>2,949</u>
Provision at 1 April	2,949	2,733
Deferred tax charge in profit and loss account for period (Note a)	1,733	216
Deferred tax charge in the statement of total recognised gains and losses	(835)	–
Provision at 31 March (Note 25)	<u>3,847</u>	<u>2,949</u>

Notes to the Financial Statements for the year ended 31 March 2009

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 2008	2,397,862	84,875	2,482,737
Transfer to Current Assets	288,796	–	288,796
Additions	137,389	16,046	153,435
Transfer to completed schemes	–	(7)	(7)
Sales of initial tranche	104	–	104
Transfers to sales assets on disposal	(27,728)	(2,369)	(30,097)
At 31 March 2009	2,796,423	98,545	2,894,968
Less : SHG and other capital grants			
At 1 April 2008	(1,224,129)	(8,602)	(1,232,731)
Reclassification of assets	(93)	–	(93)
Transfer to current assets	922	–	922
Received during year	(24,734)	(195)	(24,929)
Disposals	6,367	–	6,367
Transfer to completed schemes	(144)	–	(144)
At 31 March 2009	(1,241,811)	(8,797)	(1,250,608)
Less: Depreciation			
At 1 April 2008	(73,946)	(22,821)	(96,767)
Transfer to current assets	(108)	–	(108)
Charge for year			
Depreciation	(12,098)	(4,001)	(16,099)
Impairment	(1,817)	–	(1,817)
Eliminated on disposals			
Depreciation	804	2,308	3,112
Impairment	387	20	407
At 31 March 2009	(86,778)	(24,494)	(111,272)
Net book value at 31 March 2009	1,467,834	65,254	1,533,088
Net book value at 31 March 2008	1,099,787	53,452	1,153,239

Included in housing properties are investment properties owned by blueroom properties limited. These are shown at an open market valuation of £107.8m and their original cost was £88.3m.

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 2008	2,195,214	131,778	53,815	17,055	2,397,862
Reclassification of asset	35,590	(1,742)	–	–	33,848
Transfer to Current Assets	394	–	285,477	2,925	288,796
Additions	(4,406)	–	96,514	11,433	103,541
Transfer to completed schemes	70,575	19,365	(70,575)	(19,365)	–
Disposals	(26,324)	(1,404)	–	–	(27,728)
Sales of initial tranche	316	(212)	–	–	104
At 31 March 2009	2,271,359	147,785	365,231	12,048	2,796,423
Social housing grant					
At 1 April 2008	(1,083,448)	(59,619)	(36,252)	(6,918)	(1,186,237)
Reclassification of assets	–	139	–	–	139
Received during year	(521)	382	(10,990)	(3,404)	(14,533)
Transfer to completed schemes	(30,392)	(6,548)	16,338	6,548	(14,054)
Transfer to Current Assets	–	–	(564)	550	(14)
Disposals	5,710	500	–	–	6,210
At 31 March 2009	(1,108,651)	(65,146)	(31,468)	(3,224)	(1,208,489)
Other capital grants					
At 1 April 2008	(35,355)	(243)	(1,594)	(700)	(37,892)
Transfer to Current Assets	–	–	838	98	936
Reclassification of assets	–	–	–	(232)	(232)
Received during year	–	–	(10,005)	(196)	(10,201)
Transfer to completed schemes	(381)	–	14,300	(9)	13,910
Disposals	26	–	131	–	157
At 31 March 2009	(35,710)	(243)	3,670	(1,039)	(33,322)
Total grants at 31 March 2009	(1,144,361)	(65,389)	(27,798)	(4,263)	(1,241,811)
Total grants at 31 March 2008	(1,118,803)	(59,861)	(37,846)	(7,618)	(1,224,127)
Depreciation					
At 1 April 2008	(71,325)	(2,621)	–	–	(73,946)
Transfer to current assets	(100)	(8)	–	–	(108)
Charge for year	–	–	–	–	–
Depreciation	(11,544)	(554)	–	–	(12,098)
Impairment	(1,817)	–	–	–	(1,817)
Eliminated on disposal	–	–	–	–	–
Depreciation	763	41	–	–	804
Impairment	387	–	–	–	387
At 31 March 2009	(83,636)	(3,142)	–	–	(86,778)
Net book value at 31 March 2009	1,043,362	79,254	337,433	7,785	1,467,834
Net book value at 31 March 2008	1,005,086	69,296	15,969	9,437	1,099,789

LSE denotes Leasehold Schemes for the Elderly.

Notes to the Financial Statements for the year ended 31 March 2009

12. Group Housing Properties (continued)

	2009 £000	2008 £000
Housing properties comprise:		
Freehold	2,450,670	2,048,570
Long leasehold	345,753	349,292
	<u>2,796,423</u>	<u>2,397,862</u>
Total accumulated SHG received and receivable at 31 March		
Revenue grants	5,419	5,419
Capital grants	1,208,489	1,186,335
	<u>1,213,908</u>	<u>1,191,754</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 £0.3m (2008: £3.6m).</p> <p>Additions to housing properties in the course of construction during the year included capitalised interest of £23.1m (2008: £1.6m).</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	11,072	9,377
Maintenance costs expensed in the year (Note 3)	52,910	64,109
	<u>63,982</u>	<u>73,486</u>

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 2008	242	22,906	44,426	16,418	883	84,875
Completed in year	–	–	61	(64)	(4)	(7)
Additions	–	1,280	6,789	7,977	–	16,046
Disposals	(181)	(138)	(1,228)	(282)	(540)	(2,369)
At 31 March 2009	61	24,048	50,048	24,049	339	98,545
Government grants						
At 1 April 2008	–	–	(7,936)	(666)	–	(8,602)
Additions	–	–	(123)	(72)	–	(195)
Disposals	–	–	–	–	–	–
At 31 March 2009	–	–	(8,059)	(738)	–	(8,797)
Less: Depreciation						
At 1 April 2008	(210)	(13,080)	(7,213)	(1,489)	(829)	(22,821)
Charge for year	–	–	–	–	–	–
Depreciation	(12)	(3,308)	(522)	(137)	(22)	(4,001)
Impairment	–	–	–	–	–	–
Eliminated on disposal	–	–	–	–	–	–
Depreciation	153	109	1,228	278	540	2,308
Impairment	20	–	–	–	–	20
At 31 March 2009	(49)	(16,279)	(6,507)	(1,348)	(311)	(24,494)
Net book value at 31 March 2009	12	7,769	35,482	21,963	28	65,254
Net book value at 1 April 2008	32	9,826	29,277	14,263	54	53,452

Notes to the Financial Statements for the year ended 31 March 2009

14. Fixed Assets – Investments

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Cost at 1 April	35,547	32,826	26	26
Additions in year	9,357	3,607	–	–
Disposals in year	(44)	(877)	–	–
Cost at 31 March	44,860	35,556	26	26
Cash	–	2	–	–
Transfer to revaluation reserve	–	(11)	–	–
Valuation at 31 March	44,860	35,547	26	26
External loans and cash deposits	44,860	35,547	–	–

	Group 2009 Total £'000	Group 2008 Total £'000
Debt service reserves	44,590	35,232
Grace Gillett Trust	120	165
Trade investment, 5% of ordinary share capital of Viridian Concepts Ltd	150	150
	44,860	35,547

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.

15. Home Buy Loan

	2009 £'000	2008 £'000
Gross valuation		
At 1 April	27,103	14,133
Additions in year	50,761	12,426
Net appreciation in year	(1,853)	656
Disposals in year	(315)	(112)
At 31 March	75,696	27,103
Social Housing Grant		
At 1 April	(25,734)	(13,477)
Additions in year	(20,890)	(11,970)
Net appreciation in year	1,951	(399)
Disposals in year	251	112
At 31 March	(44,422)	(25,734)
Other Associated Liabilities		
At 1 April	-	-
Additions in year	(12,462)	-
Net appreciation in year	(106)	-
Disposals in year	-	-
At 31 March	(12,568)	-
Net book value at 31 March	18,706	1,369

16. Investments In Joint Ventures

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Share of assets				
Share of fixed assets	-	-	-	-
Share of current assets	732	-	-	-
	<u>732</u>	<u>-</u>	<u>-</u>	<u>-</u>
Share of liabilities				
Liabilities due within one year or less	(54)	-	-	-
Liabilities due after more than one year	-	-	-	-
	<u>(54)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Share of net assets	<u>678</u>	<u>-</u>	<u>-</u>	<u>-</u>
Share of turnover	<u>-</u>	<u>2,664</u>	<u>-</u>	<u>-</u>
Share of operating profit during the year	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>

Investments relate to the acquisition by Places for People Developments Limited of 50% of the ordinary share capital in HNJV Limited, a land development company.

Notes to the Financial Statements for the year ended 31 March 2009

17. Stock

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Land	58,598	353,131	–	–
Properties in construction	156,264	124,057	–	–
Completed properties	24,309	39,977	–	–
Total housing and land stock	239,171	517,165	–	–
Vouchers	13	18	–	–
Total stock	239,184	517,183	–	–

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 £9.3m (2008: £17.6m).

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.

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Derivative financial instruments	–	17	–	–
Agency leases	134	194	–	–
Trade debtors	404	275	–	–
	538	486	–	–

19. Debtors: amounts falling due within one year

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Amounts falling due within one year:				
Rental debtors	9,375	9,922	–	–
Less: Provision for bad and doubtful debts	(3,696)	(3,705)	–	–
	5,679	6,217	–	–
Other trade debtors	6,075	15,911	7	20
Corporation Tax	–	1,196	–	–
Amounts due from Group undertakings	–	–	83	205
Sundry debtors, prepayments and accrued income	11,708	40,596	1,086	756
Derivative financial instruments	–	185	–	–
Loans to employees	79	70	9	8
	23,541	64,175	1,185	990

20. Current Asset Investments

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Bank deposits repayable within:				
one month	65,966	9,330	-	-
six months	3,754	-	-	-
	<u>69,720</u>	<u>9,330</u>	<u>-</u>	<u>-</u>

21. Creditors: amounts falling due within one year

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Housing loans principal payable within one year	111,456	144,560	-	-
Debentures, stocks and bonds principal payable within one year	5,356	-	-	-
Derivative financial instruments held to manage the interest rate profile	1,735	93	-	-
Recycled Capital Grant Fund repayable within one year	222	-	-	-
Finance leases	85	85	-	-
	<u>118,854</u>	<u>144,738</u>	<u>-</u>	<u>-</u>
Bank balances	-	1,414	-	-
Interest on housing loans	8,251	7,763	-	-
Trade creditors	363	5,999	241	126
Corporation tax	1,161	-	-	-
Capital development creditor	31,921	44,854	-	-
Other creditors and accruals	12,336	14,692	1,192	1,066
Payments received on account	9,877	10,033	-	-
Prepaid rent	4,279	4,248	-	-
	<u>187,042</u>	<u>233,741</u>	<u>1,433</u>	<u>1,192</u>

22.b. Recycled Capital Grant Fund

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Opening balance	10,962	9,712	-	-
Inputs to reserve:				
Grants recycled	1,650	5,132	-	-
Interest accrued	282	366	-	-
New build	(439)	(857)	-	-
Major repairs and works to existing stock	-	(1,298)	-	-
Rehab, ESP and OTS units	-	(2,093)	-	-
Closing balance	<u>12,455</u>	<u>10,962</u>	<u>-</u>	<u>-</u>
Amount due for repayment to the Housing Corporation	<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>

23. Deferred Financing Costs

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
At 1 April	-	6,102	-	-
Mortgage interest	-	941	-	-
Transfer to profit and loss account	-	(708)	-	-
Loan redemption	-	(6,335)	-	-
At 31 March	<u>-</u>	<u>-</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

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'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	258	407	-	-
Transfer to profit and loss account	(167)	(149)	-	-
Deferred at 31 March	<u>91</u>	<u>258</u>	<u>-</u>	<u>-</u>
Net value at 31 March	<u>4,259</u>	<u>4,092</u>	<u>-</u>	<u>-</u>

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

Notes to the Financial Statements for the year ended 31 March 2009

25. Provisions for Liabilities and Charges

	As at 1 April 2008 £'000	Change in Provision £'000	Expenditure in year £'000	As at 31 March 2009 £'000
Committed maintenance costs	527	–	(527)	–
Facilitating access to home ownership	–	2,765	–	2,765
Provision for Deferred Taxation	2,949	2,053	(1,155)	3,847
Restructure Costs	2,500	1,772	(2,833)	1,439
Impairment of land value	–	5,000	–	5,000
	<u>5,976</u>	<u>11,590</u>	<u>(4,515)</u>	<u>13,051</u>

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

26. Group Movement on Reserves

	Designated and Restricted Reserves £'000	Investment Revaluation Reserve £'000	Negative Goodwill £'000	Revenue Reserve £'000	Total 2009 £'000	Total 2008 £'000
At 1 April	152	26,584	29,759	198,837	255,332	241,743
Profit for the year	–	–	–	1,024	1,024	5,215
Transfer to Revenue Reserves	–	(2,589)	–	2,589	–	–
Transfer From Revenue Reserves	–	–	–	(1,182)	(1,182)	(1,663)
Movement in restricted reserves	(32)	(17)	–	–	(49)	21
Fair value loss on interest rate swaps	–	–	–	(2,985)	(2,985)	–
Deferred tax on fair value loss on interest rate swaps	–	–	–	835	835	–
Goodwill arising in year	–	–	–	–	–	20
Revaluation Surplus	–	(4,658)	–	–	(4,658)	656
Amortisation of negative goodwill for the year	–	–	(446)	–	(446)	(442)
Actuarial gain / (loss) on pension scheme	–	–	–	(8,918)	(8,918)	12,311
Transfer to Pension Reserve	–	–	–	1,182	1,182	1,663
Change in Deferred Tax Asset re pension scheme	–	–	–	2,321	2,321	(4,192)
At 31 March (including Pension Liability)	<u>120</u>	<u>19,320</u>	<u>29,313</u>	<u>193,703</u>	<u>242,456</u>	<u>255,332</u>

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 2008 £'000	Acquired in the year £'000	Amortised in the Year £'000	At 31 March 2009 £'000
1 October 1999	Bristol Churches HA Ltd	14,273	–	(203)	14,070
4 July 2001	Edinvar Housing Association Ltd	8,202	–	(113)	8,089
4 July 2001	Places for People Scotland – Care and Support Ltd	131	–	(40)	91
4 July 2001	Kush Housing Association Ltd	7,133	–	(86)	7,047
13 December 2007	Making Places LLP	20	–	(4)	16
		<u>29,759</u>	<u>–</u>	<u>(446)</u>	<u>29,313</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 63.7% of debt is at fixed rates of interest, whilst a further 6.7% 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 within 5 years.

The net cash inflow from operating activities before interest costs was £95m (2008: £254m outflow). Bank balances and short term investments were £80m at the year end (2008: £20m). In addition to this, the Group had further available facilities of £180.43m, 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% – 30% of the loan book, with the Board exercising a strict control over derivative transactions; currently 70.4% 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 £166m 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 £1.9m 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.

Notes to the Financial Statements for the year ended 31 March 2009

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 43.8% of debt matures within the next 5 years, of which 7.2% 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 2009 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 2009

	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	4.50%	34,125	-	-	-	-	-	34,125
Floating rate	3.49%	10,735	-	-	-	-	-	10,735
Investment in shared equity		18,706	-	-	-	-	-	18,706
		<u>63,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,566</u>
Current asset investments		69,720	69,720	-	-	-	-	-
Cash at bank and in hand		8,404	8,404	-	-	-	-	-
Long term debtors		538	-	-	-	-	-	538
		<u>142,228</u>	<u>78,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,104</u>

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

Comparative figures as at 31 March 2008 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	6.99%	26,276	-	2,670	-	-	-	23,606
Floating rate	5.17%	9,271	-	-	-	-	-	9,271
Investment in shared equity		1,369	-	-	-	-	-	1,369
		<u>36,916</u>	<u>-</u>	<u>2,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,246</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>57,224</u>	<u>19,822</u>	<u>2,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,715</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 2009

	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%	599,091	1,097	1,171	1,249	1,334	1,423	592,817
Discounted bonds	7.00%	4,259	4,259	–	–	–	–	–
		<u>603,350</u>	<u>5,356</u>	<u>1,171</u>	<u>1,249</u>	<u>1,334</u>	<u>1,423</u>	<u>592,817</u>
Discount on bond issue		(25,340)	–	–	–	–	–	(25,340)
Housing Loans:								
Fixed rate	7.78%	156,227	3,754	3,438	7,619	3,754	3,928	133,734
Floating rate	2.93%	838,198	107,391	196,551	206,905	19,890	142,166	165,295
Index linked	4.70%	9,033	311	367	429	497	572	6,857
		<u>1,003,458</u>	<u>111,456</u>	<u>200,356</u>	<u>214,953</u>	<u>24,141</u>	<u>146,666</u>	<u>305,886</u>
Other financial liabilities		12,922	307	4,826	5,644	2,017	85	43
Derivative financial instruments held to manage interest rate risk		7,904	1,735	1,110	573	144	144	4,198
		<u>1,602,294</u>	<u>118,854</u>	<u>207,463</u>	<u>222,419</u>	<u>27,636</u>	<u>148,318</u>	<u>877,604</u>

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

Comparative figures as at 31 March 2008 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%	420,119	1,028	1,097	1,171	1,249	1,334	414,240
Discounted bonds	7.00%	4,092	–	4,092	–	–	–	–
		<u>424,211</u>	<u>1,028</u>	<u>5,189</u>	<u>1,171</u>	<u>1,249</u>	<u>1,334</u>	<u>414,240</u>
Housing Loans:								
Fixed rate	8.37%	159,996	2,718	3,717	3,408	7,369	3,647	139,137
Floating rate	7.04%	821,826	140,815	28,087	188,024	208,774	94,871	161,255
Index linked	4.70%	9,183	–	311	367	429	497	7,579
		<u>991,005</u>	<u>145,533</u>	<u>32,115</u>	<u>191,799</u>	<u>216,572</u>	<u>99,015</u>	<u>307,971</u>
Other financial liabilities		17,824	85	873	10,259	85	85	6,473
Derivative financial instruments held to manage interest rate risk		925	92	76	67	40	21	629
		<u>1,433,965</u>	<u>144,738</u>	<u>38,253</u>	<u>203,296</u>	<u>217,946</u>	<u>100,455</u>	<u>729,277</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.

Notes to the Financial Statements for the year ended 31 March 2009

28. Financial Instruments (continued)

Borrowing Facilities

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

	2009 £'000	Group 2008 £'000
In one year or less, or on demand	69,000	32,540
In more than one year but not more than two years	–	10,000
In more than two years	181,940	176,797
	<u>250,940</u>	<u>219,337</u>

£175.4m of the undrawn committed borrowing facilities require fixed charge security to be placed with lenders (2008: £168.4m).

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	Book value £'000	2009 Fair value £'000	Book value £'000	Group 2008 Fair value £'000
Financial assets					
Fixed asset investments	14 & 15	63,566	64,183	36,916	37,370
Current asset investments	20	69,720	69,720	9,330	9,330
Cash at bank and in hand		8,404	8,404	10,307	10,307
Long term debtors	18	538	538	469	469
Derivative financial instruments held to manage interest rate risk	18	–	–	202	202
Financial assets falling due within one year	19	17,393	17,393	28,268	28,268
		<u>159,621</u>	<u>160,238</u>	<u>85,492</u>	<u>85,946</u>
Financial liabilities					
Debenture stocks and bonds	22	599,091	599,091	420,119	420,119
Discount on bond issue	22	(25,340)	(25,340)	–	–
Housing loans	22	1,003,458	1,003,458	991,005	991,005
Discounted Bonds	24	4,259	4,259	4,092	4,092
Derivative financial instruments held to manage interest rate risk	22	7,904	7,904	925	925
Other financial liabilities	22	12,922	12,922	17,824	17,824
Financial liabilities falling due within one year	21	46,475	46,475	65,855	65,855
		<u>1,648,769</u>	<u>1,648,769</u>	<u>1,499,820</u>	<u>1,499,820</u>

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

	2009	Group 2008 (Restated)
	£'000	£'000
Operating profit for the year before interest and taxation	65,409	63,737
Cost of fundamental reorganisation	(1,774)	(2,500)
Movement in provision	(1,061)	2,500
	<u>62,574</u>	<u>63,737</u>
Impairment of land value	5,000	–
Depreciation and other impairment	17,916	13,064
Provisions excluding exceptional items – charge	2,765	654
Provisions excluding exceptional items – expenses	(527)	(1,134)
Decrease / (increase) in stock and work in progress	27,818	(313,238)
Decrease / (increase) in debtors	38,592	(41,942)
Increase in long term debtors	(69)	(244)
(Decrease) / increase in creditors	(21,050)	26,588
(Decrease) / increase in long term creditors	(6,310)	317
Amortisation of negative goodwill	(390)	(442)
FRS17 Pension Adjustment	(1,182)	(1,663)
Net cash inflow from operating activities	<u>125,137</u>	<u>(254,303)</u>

30. Reconciliation of Net Cashflow to Movement in Net Debt

	2009	Group 2008 (Restated)
	£'000	£'000
Decrease in cash in the period	(489)	(2,046)
Cash inflow from net increase in debt	(166,085)	(407,978)
Cash (inflow) / outflow from change in liquid resources	60,390	(15,011)
Change in net debt resulting from cashflows	<u>(106,184)</u>	<u>(425,035)</u>
Amortisation of discount	(167)	(149)
	<u>(106,351)</u>	<u>(425,184)</u>
Opening net debt	(1,396,993)	(971,809)
Closing net debt	<u>(1,503,344)</u>	<u>(1,396,993)</u>

Notes to the Financial Statements for the year ended 31 March 2009

31. Analysis of Changes in Net Debt

	At 1 April 2008 Restated £'000	Cashflows £'000	Other changes £'000	Group At 31 March 2009 £'000
Cash at bank and in hand	10,307	(1,903)	–	8,404
Overdrafts	(1,414)	1,414	–	–
	8,893	(489)	–	8,404
Debt due within 1 year	(144,560)	27,748	–	(116,812)
Debt due after 1 year	(1,270,656)	(193,833)	(167)	(1,464,656)
Current asset investments	9,330	60,390	–	69,720
Total	<u>(1,396,993)</u>	<u>(106,184)</u>	<u>(167)</u>	<u>(1,503,344)</u>

32. Capital Commitments

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	<u>47,938</u>	<u>10,910</u>	<u>–</u>	<u>–</u>
Capital expenditure that has been authorised by the Board of Directors	<u>144,075</u>	<u>22,424</u>	<u>–</u>	<u>–</u>

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 2009 £'000	Group Motor Vehicles 2008 £'000
In one year or less	1,137	974
Between one and two years	815	559
Between two and five years	233	158
In five years or more	–	–
	<u>2,185</u>	<u>1,691</u>

33. Contingent Liabilities

As at 31 March 2009 the Group had a contingent liability totalling £1m (2008: £1m) in respect of its entire holding of 8 ¾% 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

There were no related party transactions during the year.

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 regulated by the Charity Commission	Related Companies of Places for People Homes Limited	Housing Associations registered with the Tenant Services Authority/ Communities Scotland	Bodies incorporated under the Industrial & Provident Societies Act 1965 – 2002	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	E					●
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

“E” denotes an indirect subsidiary – the entity is a wholly owned subsidiary of Emblem Homes Ltd

“D” denotes dormant during the financial period

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

“P” denotes a 100% held Limited Liability Partnership

Notes to the Financial Statements for the year ended 31 March 2009

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

	2009 £	Group 2008 £
Cost at 1 April and 31 March	608	608

This represents a capital contribution from Places for People Group Limited for a fixed asset investment of shares in JVCo Limited, Emblem Homes Limited, Places for People 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.

	2009 £'000	Group 2008 £'000	2009 £'000	Company 2008 £'000
Grant claimed during the period	1,343	62	–	–
Amounts received	(1,343)	(572)	–	(510)
Outstanding claims	–	(510)	–	(510)

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

At 31 March 2009 £1.3m (2008: £0.4m) of lottery funds were held in cash at bank and in hand.

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

	2009 £	Company 2008 £
Capital contributions	608	608
Member shares	13	13
	621	621

40. Stock of Housing

	2009	Group 2008
General needs rental	38,928	38,581
Housing for older people	3,503	3,500
Supported housing	2,544	2,695
Market rented	5,038	5,192
Leased housing under 100%	3,977	3,918
Leased housing freehold only	5,174	5,067
Staff	94	94
Total unit numbers	59,258	59,047
Managed by others	2,199	2,409

Places for People Group managed 57,059 of the above properties and manages 445 properties on behalf of others.

Places for People
305 Gray's Inn Road
London
WC1X 8QR

Telephone: 0207 843 3800

www.placesforpeople.co.uk



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