



GreenSquare

Report and Financial Statements 2008/2009



business for neighbourhoods



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GREENSQUARE GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ Year ended 31 March 2009 ◆

REPORT AND FINANCIAL STATEMENTS

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BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board:

Chair Mr James Williamson (from 20 Feb 2008)
Vice Chair Derek Cash (from 1 April 2008, Vice Chair from 20 May 2008)

Other Members

Derek Day (from 20 Feb 2008)
Bill Fishlock (from 20 Feb 2008)
Wendy Hall (from 1 April 2008)
John Holden (from 20 Feb 2008)
Helena Taylor Knox (from 20 Feb 2008)
Ivor Williams (from 20 Feb 2008)

Monique Audifferen (28 April 2008 to 6 April 2009)

David Ashmore - co-opted annually

Executive Directors:

Chief Executive	D Ashmore
Group Director of Finance & IT	T Jackson
Group Director Corporate Services	L Whordley Hughes
Group Director of Development	V O'Brien
Managing Director of Oxford Citizens Housing Association Ltd	A Smith
Managing Director Westlea Housing Association Ltd	A Cornelius

Secretary:

L Whordley Hughes (from 1 April 2008)
D Ashmore (to 31 March 2008)

Registered office:

Methuen Park
Chippenham
Wiltshire
SN14 OGU

External auditors:

Grant Thornton UK LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

Registered number

Registered as a charitable social landlord under the Industrial and Provident Societies Acts, No. 28095R.

Registered by the Housing Corporation, No. LH4083

Principal solicitors:

Anthony Collins	Bevan Brittan	Blake Laphorn
134 Edmund Street	Kings Orchard	Tarlo Lyons
Birmingham	1 Queens Street	Harbour Court
B3 2ES	Bristol	Compass Road
	BS2 0HQ	North Rd Harbour
		Portsmouth

CHAIR'S STATEMENT

This year under review has been a very interesting, challenging and successful year for the GreenSquare Group.

GreenSquare came into being on the 1st April 2008 in what is probably the most severe recession ever and has had to cope with a significant downturn in house prices, the lack of mortgage funding for its new Shared Ownership properties and for Oakus's outright sale properties and the Credit Crunch and all its other ramifications.

Development and commercial activity:

- We completed 389 new homes this year, 145% delivery against our business plan target of 269
- We have actively managed our development programme to deal with the impact of the "credit crunch" and established GreenSquare as a credible lead development partner with both the Homes and Communities Agency (HCA) and our local authority partners
- We have secured a wide range of new development schemes for Westlea and OCHA.
- We have agreed grant funding of £28 million to be committed over the next two years to build 518 homes including building out our land bank.
- We converted 83 New Build Homebuy (shared ownership) homes within our programme to rented homes, with HCA grant, to lower our exposure as a group to the effects of reduced property values
- We obtained HCA funding in respect of a further 46 homes for New Build Homebuy (shared ownership), that are to remain as New Build Homebuy, in order improve their financial viability
- We exceeded all our HCA targets, achieving 233% of grant take up (we secured a total £10.5 million), 292% of home starts on site (total of 242) and 203% of home completions (a total of 195). This was mainly achieved by applying HCA grant to schemes that were already in our programme and allowed for within our business plan. This additional grant has strengthened the Group's financial position
- Our market rent portfolio continues to generate increasing surpluses year-on-year and has been expanded to take on homes which are located with the group's land bank (currently eight homes)
- Oakus has successfully completed its build for sale schemes and has no exposure in the current market.

Human resources and governance:

- We moved into new offices in Swindon
- Our HR convergence is nearly complete, with a standardised pay structure and terms and conditions about to be rolled out across the Group, following job evaluation and extensive consultation with staff.
- We completed the first Group-wide staff survey. Although staff satisfaction was 78% against a target of 85%, we felt that this was not surprising given the amount of change in the last 12 months. We are doing a number of things to address the feedback from staff and anticipate this improving as things start to settle down.
- After a significant board member recruitment exercise when GreenSquare was formed, we are now in the process of a governance review which will identify how we can make governance even more effective and efficient going forward.
- Both Westlea and OCHA have been re-accredited with IIP status.

Joint working and services

- We have put a new accounting system and approach to budgeting and financial management in place across the Group.
- We have built on opportunities that working together has brought, including: gas tendering, joint purchasing and joint bids for supporting people funded projects.
- Despite the level of change, overall we have maintained high levels of customer service and made "business as usual" a priority.
- In IT we have made a number of changes which in the longer term will improve the services we offer. These include a new housing management system for Westlea.
- We have brought in a new approach to identifying and managing risk across the group.

As an example of our desire to involve residents in all areas of what we do we have set up a Residents Scrutiny Panel to work alongside the Boards and to make sure we continue to provide an excellent service to all our tenants.

We set ambitious targets for savings in the partnership business case and I am pleased to report that overall we have exceeded these.

The Group has demonstrated strong financial performance during the year with a 12% increase in operating surplus to £8.9million and a retained surplus for the year of £1.0million which will of course go back into the business to help fund improved services to residents and to build more new homes.

On behalf of all the Boards I would like to take this opportunity to thank the staff for all their hard work over the last 12 months. Merging two businesses and cultures is never an easy thing to do and especially in the current economic situation but everything has gone extremely well and generally smoothly and this is solely down to all the work put in both before the formation of the Group and in the past year by the staff.

2009/10 will be another challenging year but I am confident that we will achieve our new build targets and continue to offer an excellent service to our tenants and be a good employer.



James Williamson
Chair
28 July 2009

REPORT OF THE MANAGEMENT BOARD

The Management Board has pleasure in presenting the Group audited financial statements for the year ended 31 March 2009. On 1 April 2008, the Group was formed with the merger of GreenSquare Group Limited ('the Association'), as parent company, Westlea Housing Association Limited ('Westlea'), Oxford Citizens Housing Association Limited ('OCHA') and Oakus Estates Limited ('Oakus'). The financial statements are prepared on a group basis thus reflecting activities of the subsidiary companies as well as the Association.

Principal activities

The Association is a not-for-profit organisation administered by a Management Board.

The Association acts as the parent company of subsidiaries involved in the provision and management of affordable rented housing accommodation and development of private housing for rent and sale.

As well as managing over 9,500 properties, the Group is a major developer of new affordable housing and is a lead development partner under the Homes and Communities Agency (HCA) National Affordable Housing Programme. The Group employed 345 staff. Any surpluses made by the subsidiaries are retained within the Group.

The Group aims to be a major provider of housing, regeneration, care and support and commercial services across Wiltshire, Oxfordshire, Gloucestershire and the surrounding areas.

Business review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review that follows this report.

Reserves

The Group surplus for the year after tax was £1.0million (2008:£2.2million). After transfers the Groups reserves stand at £115.4million (2008:£116.9million).

Efficiency

The Board is committed to delivering an effective and efficient service to tenants and other stakeholders and plans to employ a range of techniques to increase efficiency including re-evaluating procurement strategies, partnering with contractors for new build and reducing staff turnover, sickness and absenteeism.

Employees

The quality of the Group's staff is essential to the success of the organisation. The Group's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of employees throughout the Group. The Group has Investors in People accreditation, and aims to be an employer of choice in the area in which it works.

The Group is committed to working towards equal opportunities for all its employees and continues to invest in staff training and development and has improved systems of appraisal and performance management.

Tenant involvement

We actively encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement. This includes Tenant Board members, a Resident Scrutiny Panel and a District Forum.

REPORT OF THE MANAGEMENT BOARD *continued*

Health and safety

The Board is very much aware of its responsibilities on all matters relating to health and safety. The Group has adopted detailed health and safety policies and provides Board and staff training and education on health and safety matters, as well as having a post with responsibility for safety.

Board members and executive directors

Those Board members who served during the period and the Group's executive directors are set out on page 1. The Board members are drawn from a wide background bringing together professional, commercial and local experience.

From 1 April 2008, GreenSquare has provided a range of central services – governance, finance, development, human resources and information technology – to its subsidiaries, under the scope of an intra-group agreement. From that time, the Chief Executive and the Group Director of Finance & IT have been employed directly by GreenSquare, providing services via the intra-group agreement.. The Group Corporate Services Director holds the position of Secretary to the Board. Other members of the executive will attend meetings of the Board as appropriate but are not members.

The Chief Executive holds no interest in the Association's shares and has been co opted to and acts within the authority delegated by the Board.

The Group has insurance policies which indemnify its Board members and executive directors against liability when acting for the Association.

The Board

The Board comprises up to twelve non-executive members and is responsible for the Group and Association's strategy and policy framework and managing the affairs of the Group.

Following the creation of the GreenSquare Group, the Board delegates the day-to-day management and implementation of that framework (via the intra group agreement) to the Chief Executive and other members of the Group's executive team although responsibility for implementation remains with the Managing Directors of OCHA and Westlea. The Managing Directors are members of the Group's executive team.

Board Membership

Under the terms of the intra group agreement, the Group Membership Committee has nomination rights over the appointment of the Board members of OCHA and Westlea. Independent and Tenant Board members are selected by a panel of Board members (including the Chair and the Chief Executive) following public advertisement for recruitment.

Remuneration policy

The Remuneration Committee, comprising the Chair and a minimum of two other Board members, is responsible for setting the Group's remuneration policy for its executive directors and other staff.

The committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the executive directors. Basic salaries are set having regard to each executive director's responsibilities and pay levels for comparable positions.

Service contracts

The executive directors are employed on the same terms as other staff - their notice periods are three months.

Pensions

The executive directors are members of either the Social Housing Pension Scheme or the Wiltshire County Council Pension Fund, both defined benefit final salary pension schemes. They participate in the schemes on the same terms as all other eligible staff and the group contributes to the schemes on behalf of its employees.

REPORT OF THE MANAGEMENT BOARD *continued*

Other benefits

The executive directors are entitled to other benefits such as the provision of cash allowances in lieu of a company car. Full details of their individual remuneration packages are included in note 12 to the audited financial statements.

Statement of the Responsibilities of the Management Board for the Report and Financial Statements

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

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association at the end of the year and of the surplus or deficit of the Group and Association for the year then ended.

In preparing those financial statements the Board is required to:

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

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

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

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

NHF Code of Governance

The Association complies with the principal recommendations of the NHF Code of Governance (revised 2004) and has adopted a number of policies and procedures to help achieve these objectives.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

REPORT OF THE MANAGEMENT BOARD *continued*

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the period commencing 1 April 2008 up to the date of approval of the annual report and financial statements. The Group Audit Committee received and considered reports from management on these risk management and control arrangements at each meeting during the year and the Board received its annual risk report in May 2009 and regularly during the year.

Key elements of the control framework include:

- Board approved terms of reference, including from 1 April 2008, a detailed intra group agreement between the Association and its subsidiaries, supported by detailed service level agreements and delegated authorities for audit and remuneration committees;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- review of the Association's risks by the Board and Audit Committee;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review on a regular basis;
- regular reporting to senior management and the Board/appropriate committee of key business objectives, targets and outcomes;
- Board approved whistleblowing, disciplinary and capability policy which covers expectations of fraud; code of conduct; and
- detailed policies and procedures in each area of the Association's work.

During the year there was a minor fraud reported within a subsidiary's direct works department. The overall value of the fraud was estimated to around £5k and was reported to the TSA. The Group Audit Committee requested an internal audit review of internal controls in this sensitive area. The outcome of the review was reported in February 2009 and action taken on recommendations was reported to and monitored by the audit committee.

The Board accepts ultimate responsibility for the system of internal control, including the review of the effectiveness of the system of internal control. From 1 April 2008, overall responsibility for Audit has transferred to the Group's Audit Committee who liaise directly with the subsidiary Boards as appropriate.

The means by which the Group Audit Committee reviews the effectiveness of the system of internal control include considering risk reports, internal audit reports, fraud reports, management assurances, the external management letter and specialist reviews on areas such as treasury, health and safety, and efficiency.

The Board has received the Chief Executive's and the Group Director of Finance & IT's annual review of the effectiveness of the system of internal control for the Group, together with the annual report of the internal auditor.

Going concern

After making enquiries the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual General Meeting

The annual general meeting will be held on 15 September 2009.

Disclosure of information to auditors

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

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

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 28 July 2009 and signed on its behalf by:



J Williamson
Chairman

OPERATING AND FINANCIAL REVIEW - HIGHLIGHTS - FIVE YEAR SUMMARY**For the year ended 31 March** **2009** **2008****Group Income and Expenditure account** **£'000** **£'000**

Total turnover	45,681	44,602
Income from lettings	38,970	37,811
Operating surplus	8,913	7,961
Surplus for the year after tax	1,039	2,217

Group Balance Sheet

Housing properties, net of depreciation	332,064	281,387
SHG and other capital grants	30,577	15,506
Housing properties net of capital grants and depreciation	301,487	265,881
Net current assets	6,889	5,712
Loans (due over one year)	193,842	157,116
Provisions	50	193
Net pension liability	4,604	2,457
Reserves : revenue	26,003	26,275
: designated	51	52
: revaluation	89,322	90,563
: total	115,376	116,890

Accommodation figures

Total housing stock managed at year end (number of units):	9,504	9,262
In development	350	495

As this is the first set of accounts prepared for GreenSquare Group Limited, only a two year history is disclosed above.

OPERATING AND FINANCIAL REVIEW

Activities

GreenSquare Group aims to be a major provider of housing, regeneration, care and support and commercial services across Wiltshire, Oxfordshire, Gloucestershire and the surrounding areas.

The Group operates the following key business streams:

- 'general needs' housing for rent, primarily by families who are unable to rent or buy at open market rates;
- temporary housing, providing short term accommodation for homeless families;
- supported housing and housing for older people who need additional housing-related support or additional care; and
- low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to the Association on the remainder.

As well as managing over 9,500 properties, the Group is a major developer of new affordable housing and is a lead development partner under the Homes and Communities Agency (HCA) National Affordable Housing Programme.

External influences

On the 1 December 2008 the Housing Corporation was succeeded by the Tenant Services Authority (TSA) and Homes and Communities Agency (HCA). At present the TSA has adopted the Housing Corporation standards for RSLs and is consulting on changes to these. The HCA continues to provide grant to OCHA, but is also exploring more innovative funding arrangements.

GreenSquare Group has lead partnership status with the HCA and received an allocation of £28m from it covering the next two years.

Government policies are aimed at significantly increasing housing supply by widening the availability of social housing grant to the private sector; extending opportunities for people to buy their homes; and consulting on changes to the planning and taxation systems to help finance the new developments.

The aim of reducing households living in temporary accommodation by 2010, is also having an impact on the shape of the Group. Temporary housing stock reduced by 35% during the year. We expect the number of temporary stock homes to continue to reduce.

In addition, the quality of affordable housing remains a key focus for a government that has committed to delivering decent homes for all social housing tenants by 2010. Housing Associations are also expected to contribute to the efficiency targets set following the Gershon review and we are therefore faced with the challenging objective of continuing progress in improving efficiency and quality of services.

Objectives and strategy

The Group's objectives and strategy are set out in a business plan that is reviewed and approved by the Board each year.

The Board is committed to delivering an effective and efficient service to tenants and other stakeholders and achievement of Group objectives will also depend on successful implementation of a range of techniques to increase efficiency.

The Group has a value for money and procurement strategy and is working actively to decrease costs and increase the quality of homes and services.

OPERATING AND FINANCIAL REVIEW *continued*

Performance and development

Finance

The Board agrees targets each year that are designed to manage development and deliver continuous service improvement. We are pleased to report the Group made a surplus before tax of £1.2million for the year (2008:£2.3million restated) . Our financial performance has meant we have met lenders covenants.

By the year-end the Group funds amounted to £115.4million (2008:£166.9million restated).

Key factors influencing this were:

- The group developed 389 new properties during the year and there are over 350 more properties on site in development.
- As a result of the increased levels of development, borrowings increased from £157.8m at the beginning of the year to £194.9m as at 31 March 2009.
- The Wiltshire County Council Pension Scheme pension deficit increased by £2.1m during the year, to leave the deficit at £4.6m as at 31 March 2009.
- The continuing reduction in temporary accommodation.
- During the year the Association experienced significant effects from the credit crunch. In particular changes in the housing market (both falls in value and less mortgage availability) resulted in lower price and demand for shared ownership properties. This has been managed by converting 38 properties from shared ownership to rent. Loans became less available to RSLs, and where available more expensive. The Group has taken steps to ensure all its contractual commitments are fully covered by existing loan facilities.

The Group has net current assets of £6.9million and manages its working capital around the loan facility. As at 31 March 2009, £39million was available for drawdown against the current value of charged housing properties.

The Group remains committed to an increased investment in our front line customer services and also resident and community development activities.

Development

We have exceeded our development targets with 389 new homes transferred into management during the year. This enabled us to meet the development requirements of the HCA Programme during the year.

Asset management

The proportion of our general needs, housing for older people and supported housing properties meeting the Decent Homes Standard stayed at 99% during the year, and is just below our target (100%).

Total expenditure on repairs and maintenance amounted to £11.0million (2008: £12.8million) for the year, including £1.7million (2007: £2.3million) for major repairs, which have been financed principally from internally generated funds.

Customer service

Our performance against key performance indicators is summarised in the individual subsidiary financial statements. The Group approach to performance management includes an outcome focussed business plan with clear targets and indicators of success summarised in a balanced scorecard, reported regularly to Board and senior management. The main indicators for next year are shown below:

- Actual surplus to be higher or equal to the budgeted surplus
- Overall satisfaction with our service to be in the top quartile compared to our peers
- Overall satisfaction with last contact to exceed 80%
- Overall satisfaction with repairs and maintenance to be maintained at 87%
- 100% emergency repairs and 99% of urgent and routine repairs to be completed within target times

OPERATING AND FINANCIAL REVIEW *continued*

- Tenants believing rent is good value for money to exceed 83%
- Empty properties to be re let in under 3 weeks
- Pipeline of new homes to be over 450
- Staff satisfaction with GreenSquare as an employer to be maintained at 85%

Risks and uncertainties

The main risks that may prevent the Group achieving its objectives are considered and reviewed annually by the senior management team and Board as part of the corporate planning processes. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Group, are reported to the Group Audit Committee together with action taken to manage the risks and the outcome of the action. These risk reports include assessments of key controls used to manage the risks.

Financial position

The income and expenditure account and balance sheet are summarised on page 9 and the following paragraphs highlight key features of the Group's financial position at 31 March 2009:

Accounting policies

The Group's principal accounting policies are set out on pages 22 to 25 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties.

Housing properties

At 31 March 2009 the Group managed 9,504 housing properties (2008: 9,262). The properties were carried in the balance sheet at EUV-SH, of £301.5million (2008: £265.9million).

Our investment in housing properties this year was funded through a mixture of social housing grant, loan finance and working capital where we continue to show a strong current asset balance. The Group's treasury management arrangements are considered below.

Pension costs

The Group participates in two pension schemes, the Social Housing Pension Scheme (SHPS) and the Wiltshire County Council Pension Scheme (WCCPS). The SHPS scheme is a final salary scheme for those staff in the scheme at 31 March 2007 and a Career Average Related Earnings (CARE) scheme for all new employees. The WCCPS is a final salary scheme. The Group has contributed to the scheme in accordance with the levels set by the actuaries of between 12.9% and 14.0%.

Capital structure and treasury policy

We adopt a conservative approach to treasury management. No derivatives are used and the Board seeks independent advice from external consultants along with quarterly reports from officers on treasury and investment performance.

The Group borrowed a further £37.5million during the year, to develop general family housing. By the year end loans amounted to £194.9million. Of this £194.9million, over 65% of debt was fixed at rates of between 3.54% and 5.97%, with the rest at a average variable rate of between 3.14% and 3.37% at the year end. Net interest costs for the Group were £7.6million for the year (2008: £6.4million). Our financial performance has meant we have met lenders' covenants.

The Group aims to fix at least 60% of its debt, with maturities spread over the medium term.

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

Cashflows

Cash inflows and outflows during the year are shown in the cash flow statement (page 21).

At the year end, the Group's current assets included £2.5million (2008: £2.3million) in liquid funds (cash at bank including overnight money market).

Future developments

As expressed in our Corporate Objectives, we will continue to re-invest in our existing property, based upon an asset management strategy. We will also continue to develop the housing stock to further meet housing need in our areas of operation.

During the next twelve months further planned borrowings to finance new developments could increase gearing. However, this is in line with targets set by the Board.

Undrawn loan facilities of £39million are available under existing arrangements and we are currently negotiating further new facilities. We anticipate that a significant amount of the facility will be drawn down over the next three to five years to fund our growing development programme.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in Part 3 of the SORP: 'Accounting by Registered Social landlords' (2008).



Dave Ashmore
Chief Executive
28 July 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENSQUARE GROUP LIMITED

We have audited the Group and Association financial statements of GreenSquare Group Limited for the year ended 31 March 2009 on pages 16 to 49 which have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with regulations made under section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

The responsibilities of the board for preparing the report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the board for the financial statements.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

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

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

Basis of audit opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENSQUARE GROUP LIMITED
continued

Opinion

In our opinion:

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Bristol, England
28 July 2009

GROUP INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Turnover: continuing activities	3	45,681	44,602
Operating costs	3	(36,768)	(36,641)
Operating surplus: continuing activities	3,7	8,913	7,961
(Deficit)/surplus on fixed assets	8	(85)	518
Deficit on sale of other fixed assets		-	(2)
Interest receivable and other income	9	93	252
Interest payable and similar charges	10	(7,581)	(6,421)
Other finance charges	11	(157)	(27)
Surplus on ordinary activities before taxation		1,183	2,281
Tax on surplus on ordinary activities	13	(144)	(64)
Surplus for the financial year	26	1,039	2,217

The notes on pages 22 to 49 form part of these financial statements.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Turnover: continuing activities		4,860	-
Operating costs	3	(4,860)	-
		<hr/>	<hr/>
Operating surplus: continuing activities		-	-
Interest receivable and other income		-	-
		<hr/>	<hr/>
Surplus on ordinary activities before taxation		-	-
Tax on surplus on ordinary activities		-	-
		<hr/>	<hr/>
Surplus on ordinary activities before taxation		-	-
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 49 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
for the year ended 31 March 2009

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Surplus for the financial year	1,039	2,217	-	-
Unrealised (deficit)/surplus on revaluation of housing properties	(541)	43	-	-
Unrealised deficit on revaluation of investments	-	(44)	-	-
Actuarial (deficit)/gain relating to the pension scheme	(2,040)	1,575	-	-
Net gain from appropriation of trading stock	28	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total recognised surpluses and deficits	(1,514)	3,791	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31 March 2009

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Reported surplus on ordinary activities before taxation	1,183	2,281	-	-
Realisation of property revaluation gains	50	34	-	-
Excess of actual depreciation charge over historical cost depreciation	688	650	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Historical cost surplus on ordinary activities before taxation	1,921	2,965	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Historical cost retained surplus	1,777	2,901	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

RECONCILIATION OF MOVEMENTS IN FUNDS
for the year ended 31 March 2009

	Group £'000	Association £'000
Opening total funds as at 1 April 2008	116,890	-
Total recognised surpluses and deficits	(1,514)	-
	<u> </u>	<u> </u>
Closing total funds at 31 March 2009	115,376	-
	<u> </u>	<u> </u>

GROUP BALANCE SHEET
at 31 March 2009

	Note	2009 £'000	2008 £'000
Tangible fixed assets			
Housing properties	14	301,487	265,881
Other tangible fixed assets	15	5,698	5,301
		<u>307,185</u>	<u>271,182</u>
Current assets			
Stock	17	4,140	7,398
Debtors	18	3,129	4,352
Investments	19	7,522	2,097
Cash at bank and in hand		2,487	2,310
		<u>17,278</u>	<u>16,157</u>
Creditors: amounts falling due within one year	20	(10,379)	(10,445)
		<u>6,899</u>	<u>5,712</u>
Net current assets		<u>6,899</u>	<u>5,712</u>
Total assets less current liabilities		<u>314,084</u>	<u>276,894</u>
Creditors: amounts falling due after more than one year	21	194,054	157,354
Provisions for liabilities and charges	24	50	193
Net pension liability	11	4,604	2,457
		<u>198,708</u>	<u>160,004</u>
Capital and reserves			
Non-equity share capital	25	-	-
Designated reserve	26	51	52
Revaluation reserve	26	89,322	90,563
Revenue reserve	26	26,003	26,275
		<u>115,376</u>	<u>116,890</u>
Consolidated funds		<u>314,084</u>	<u>276,894</u>

The financial statements were approved by the Board on 28 July 2009 and signed on its behalf by:



J Williamson
Chairman of the Board



D Cash
Vice Chair



D Ashmore
On behalf of Company Secretary

ASSOCIATION BALANCE SHEET
at 31 March 2009

	Note	2009 £'000	2008 £'000
Tangible fixed assets			
Other tangible fixed assets	15	437	-
Investments in subsidiaries			
	16	-	-
		<u>437</u>	<u>-</u>
Current assets			
Debtors	18	1,453	-
		<u>1,453</u>	<u>-</u>
Creditors: amounts falling due within one year	20	(1,890)	-
Net current liabilities		<u>(437)</u>	<u>-</u>
Total assets less current liabilities		<u>-</u>	<u>-</u>
Creditors: amounts falling due after more than one year			
	21	-	-
		<u>-</u>	<u>-</u>
Capital and reserves			
Non-equity share capital	25	-	-
Revenue reserve	26	-	-
		<u>-</u>	<u>-</u>
Association's funds			
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

The financial statements were approved by the Board on 28 July 2009 and signed on its behalf by:



J Williamson
Chairman of the Board



D Cash
Vice Chair



D Ashmore
On behalf of Company Secretary

GROUP CASH FLOW STATEMENT
 for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	28	13,480	8,724
Returns on investments and servicing of finance			
Interest received and similar income		178	327
Interest paid		(9,359)	(7,519)
Net cash outflow from returns on investment and servicing of finance		(9,181)	(7,192)
Taxation – corporation tax paid		(64)	(18)
Capital expenditure			
Purchase and construction of housing properties		(49,453)	(48,008)
Social housing grant received		14,077	9,454
Purchase of other fixed assets		(520)	(768)
Sale of properties - proceeds		252	1,411
Net cash outflow from investing activities		(35,644)	(37,911)
Net cash outflow before liquid resources and financing		(31,409)	(36,397)
Management of liquid resources			
Cash withdrawn from money market deposits	30	(5,496)	(546)
Financing			
Loans drawn down		37,504	37,690
Loans repaid		(422)	(363)
	30	37,082	37,327
Increase in cash	29,30	177	384

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

1. Legal status

The Association is registered under the Industrial and Provident Societies Act 1965, has charitable status and is registered with the Tenant Services Agency ('TSA') as a social landlord.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) Statement of Recommended Practice: Accounting by Registered Social Landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

Basis of consolidation

On 1 April 2008, Westlea Housing Association, Oakus Wiltshire Limited and Oxford Citizens Housing Association formally merged, with GreenSquare Group Limited being the newly formed parent company under which the merged organisations would operate. The merger has been accounted for using the merger accounting principles set out in Financial Reporting Standard 6. Accordingly, the financial information for the current and comparative periods has been presented as if the entities had been merged throughout these periods.

Turnover

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

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

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

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

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

Taxation

The Association is accepted as a charity by the Inland Revenue. Income and capital gains of the Association are generally exempt from tax if applied for charitable purposes.

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and is not recoverable from HM Customs and Excise. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

Pensions

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS') and the Wiltshire County Council Pension Fund ('WCCPF').

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

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

Supported housing managed by agencies

Social housing capital grants are claimed by the Group as developer and owner of the property and included in the balance sheet of the Group. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Group and its managing agents and on whether the Group carries the financial risk.

Where the Group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Group's income and expenditure account.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Group.

Housing properties

Housing properties are principally properties available for rent and shared ownership.

Completed housing properties are stated at Existing Use Value for Social Housing (EUVS-SH). Full revaluations of the properties are undertaken every five years and interim valuations are carried out where there are indications of a significant change in value.

Housing properties under construction are stated at cost less related social housing grant and other capital grants. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works to existing properties which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation.

Social housing grant

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

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

Other grants

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

Depreciation of housing properties

Freehold land is not depreciated. When the value of housing properties shown in the accounts exceeds the market value of the land at the date of the valuation, depreciation is charged to write down the depreciable amount, on a straight-line basis, over the estimated useful life of the properties to the business. The Group's housing properties are depreciated at the following annual rates:

Houses and flats	A range of 75 to 80 years
Sheltered housing	50 years

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

Impairment

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

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating costs unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised surpluses and deficits.

Other tangible fixed assets

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

Freehold office buildings	50 and 75 years
Furniture, fixtures and fittings	5-10 years
Computers and office equipment	3-5 years
Motor vehicles	5-7 years

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Properties for sale

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

Current asset Investments

Investments are stated at market value. Any revaluation of investments is reflected in the Statement of Recognised Surpluses and Deficits. Diminutions beyond the level of the revaluation reserve for investments are charged to the income and expenditure account.

Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Reserves

The Group establishes designated reserves where these are earmarked for a particular purpose.

Hunts Close Reserve

Following the transfer of the assets and liabilities from Oxfordshire Charitable Housing Trust, the Group set up a designated reserve to fund extra repairs, improvements and an element of service charges in relation to properties at Hunts Close.

Revaluation Reserve

The difference between the valuation of housing properties and the historic carrying value (net of capital grants and depreciation) is credited to the revaluation reserve

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

Group	Note	2009		2008			
		Turnover £'000	Operating costs £'000	Operating surplus / (deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus / (deficit) £'000
Social housing lettings	4	38,970	(30,776)	8,194	37,811	(30,190)	7,621
Other social housing activities							
Architects and surveyors services		27	-	27	15	(15)	-
Development services		11	-	11	13	(41)	(28)
Management services		22	-	22	301	(43)	258
Supporting People contract income		698	(232)	466	906	(884)	22
Development costs not capitalised		-	(558)	(558)		(970)	(970)
First tranche shared ownership sales		4,801	(4,101)	700	3,100	(2,207)	893
Other		304	(295)	9	337	(515)	(178)
		5,863	(5,186)	677	4,672	(4,675)	(3)
Non social housing activities							
Market rent lettings and other commercial initiatives		175	(198)	(23)	129	(173)	(44)
Student accommodation lettings		110	(161)	(51)	102	(140)	(38)
Developments for sale		543	(447)	96	1,883	(1,463)	420
Other		20	-	20	5	-	5
		848	(806)	42	2,119	(1,776)	343
		45,681	(36,768)	8,913	44,602	(36,641)	7,961

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

Association	Note	2009		2008 Restated		
		Turnover £'000	Operating costs £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Other social housing activities						
Management services to subsidiaries		4,860	(4,860)	-	-	-
		<u>4,860</u>	<u>(4,860)</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group	General needs housing	Supported housing and for older people	Temporary social housing	Care Homes	Low cost home ownership	Garages	2009 Total	2008 Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	28,655	3,627	3,327	90	873	562	37,134	36,015
Service charges receivable	409	575	1	45	55	-	1,085	1,115
Charges for support services	1	213	-	-	-	-	214	210
Management fees	34	121	297	-	38	-	490	432
Net rental income	29,099	4,536	3,625	135	966	562	38,923	37,772
Other revenue grants	-	47	-	-	-	-	47	39
Turnover from social housing lettings	29,099	4,583	3,625	135	966	562	38,970	37,811
Services	867	1,150	3	24	62	1	2,107	1,977
Management	8,231	2,674	727	25	476	72	12,205	9,292
Routine maintenance	4,916	714	363	21	24	96	6,134	5,938
Planned maintenance	3,044	99	-	2	-	38	3,183	4,590
Major repairs expenditure	1,071	603	1	-	3	-	1,678	2,303
Rental payments to landlords	-	-	2,621	-	-	-	2,621	3,514
Rent losses from bad debts	249	18	90	-	(1)	-	356	270
Depreciation and impairment of housing properties	1,962	421	-	-	109	-	2,492	2,306
Operating costs on social housing lettings	20,340	5,679	3,805	72	673	207	30,776	30,190
Operating surplus (deficit) on social housing lettings	8,759	(1,096)	(180)	63	293	355	8,194	7,621
Void losses	189	214	165	-	4	-	659	589

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
5. UNITS MANAGED BY AGENCIES

Where the agency carries the financial risk, the Group's income and expenditure account includes only the income and expenditure for which it retains responsibility

	Group		Association	
	2009	2008	2009	2008
	No.	No.	No.	No.
Supported Housing				
Mencap	10	10	-	-
Stonham Housing Association	3	3	-	-
MIND	23	23	-	-
OLD NHS Trust	-	7	-	-
Oxford Women's Aid	-	4	-	-
Housing from Hospital	3	3	-	-
Barnardos	7	-	-	-
Ability	3	-	-	-
	<u>49</u>	<u>50</u>	<u>-</u>	<u>-</u>

6. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

The number of units of accommodation in management at the end of the year for each class of accommodation is as follows:

	Group		Association	
	2009	2008	2009	2008
	No.	No.	No.	No.
General Needs	7,322	7,146	-	-
Housing for older people	823	834	-	-
Care Homes	25	25	-	-
Supported housing	336	207	-	-
Shared ownership	466	406	-	-
Leasehold properties	289	288	-	-
Total owned	<u>9,261</u>	<u>8,906</u>	<u>-</u>	<u>-</u>
Temporary housing under lease agreements	208	320	-	-
Student accommodation	34	34	-	-
Accommodation managed on behalf of other organizations	1	2	-	-
Total units in management	<u>9,504</u>	<u>9,262</u>	<u>-</u>	<u>-</u>
Accommodation in development at the year end	<u>350</u>	<u>495</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
7. OPERATING SURPLUS

This is arrived at after charging:

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Depreciation of housing properties	2,507	2,017	-	-
Impairment of housing properties	-	289	-	-
Depreciation of other tangible assets	556	545	29	-
Operating lease rentals – motor vehicles	8	8	-	-
Auditor's remuneration				
- for audit services	37	45	3	-
- for non-audit services	16	38	13	-

8. (DEFICIT)/SURPLUS ON SALE OF FIXED ASSETS

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Proceeds	327	1,453	-	-
Other income	2	4	-	-
Council clawback	(157)	(119)	-	-
Cost of sales, at cost or valuation	(257)	(810)	-	-
Other costs	-	(10)	-	-
	<u>(85)</u>	<u>518</u>	<u>-</u>	<u>-</u>

9. INTEREST RECEIVABLE AND OTHER INCOME

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Interest from listed investments	19	23	-	-
Interest from other investments	74	229	-	-
	<u>93</u>	<u>252</u>	<u>-</u>	<u>-</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Loans and bank overdrafts	9,217	7,714	-	-
Other Charges	88	44	-	-
	<u>9,305</u>	<u>7,758</u>	<u>-</u>	<u>-</u>
Capitalised interest	(1,724)	(1,337)	-	-
	<u>7,581</u>	<u>6,421</u>	<u>-</u>	<u>-</u>
Average capitalisation rate used to determine the amount of finance costs capitalised during the period	<u>5.0%</u>	<u>6.0%</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
11. EMPLOYEES

Average monthly number of employees (full time equivalents)	Group		Association	
	2009 No.	2008 No.	2009 No.	2008 No.
Administration	51	60	51	-
Development	31	25	31	-
Housing, support and care	263	266	-	-
	<u>345</u>	<u>351</u>	<u>82</u>	<u>-</u>
Staff costs:	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Wages and salaries	9,569	9,322	3,003	-
Social security costs	765	758	263	-
Other pension costs	1,016	1,087	383	-
	<u>11,350</u>	<u>11,167</u>	<u>3,649</u>	<u>-</u>

The Group's employees are members of the Wiltshire County Council Pension Fund (WCCPF), the Social Housing Pension Scheme (SHPS) or the Pensions Trust Growth Plan. Further information on each scheme is given below and in the individual subsidiary financial statements.

(a) Wiltshire County Council Pension Fund - Scheme Closed by employer

One of the Groups subsidiaries, Westlea Housing Association, participates in the Wiltshire County Council Pension Fund, a multi-employer scheme with more than one participating employer.

The Wiltshire County Council Pension Fund is a defined benefit scheme, part of the local government Superannuation Regulation 1986 (as amended) and the calculations have been made by an independent qualified actuary. Triennial actuarial valuations have been made by a qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2007, the market value of the scheme assets at that date being £1,131m. The next formal valuation due at 31 March 2010.

The income and expenditure charge for pension costs, the accounting policies and the disclosures are given on the basis of Financial Reporting Standard 17.

Assumptions

The major assumptions used by the actuary in assessing the scheme liabilities on a FRS 17 basis were:

	31 March 2009 % Per Annum	31 March 2008 % Per Annum	31 March 2007 % Per Annum
Salary increases	4.6	5.1	4.7
Pension increases	3.1	3.6	3.2
Discount rate	6.9	6.9	5.4
Price increases	3.1	3.6	3.2

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
11. EMPLOYEES *continued*
Mortality

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	19.6 years	22.5 years
Future pensioners	20.7 years	23.6 years

Contributions

The contributions to the Wiltshire County Council Pension Fund by the Group for the year ended 31 March 2009 are shown below.

	2009	2008
	£'000	£'000
Employer contributions	424	418

The employers contribution rate for 2008/2009 was 31% of pensionable pay and is expected to be 31.6% for 2009/2010.

Analysis of the amount charged to operating surplus	2009	2008
	£'000	£'000
Current service costs	222	293
Curtailment and settlements	35	2
Past service costs	113	-
Total operating charge	370	295

Analysis of the amount credited to other finance charges	2009	2008
	£'000	£'000
Expected return on pension scheme assets	782	845
Interest on pension scheme liabilities	(939)	(872)
Net charge	(157)	(27)

Fair value of employer assets

	2009	2008
	£000	£000
Equities	5,297	7,359
Bonds	1,965	2,014
Property	769	1,226
Cash	513	644
Total	8,544	11,280

Balance sheet

	2009	2008
	£'000	£'000
Fair value of employer assets	8,544	11,280
Present value of funded liabilities	(13,148)	(13,737)
Net liability	(4,604)	(2,457)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
11. EMPLOYEES *continued*
Analysis of amount recognised in statement of total recognised surpluses and deficits

	2009	2008
	£'000	£'000
Actual return less expected return on pension scheme assets	(3,292)	(1,564)
Experience gains and losses arising on the scheme liabilities	-	632
Value of the scheme liabilities	1,252	2,507
Actuarial (loss)/gain in pension plan	<u>(2,040)</u>	<u>1,575</u>

Reconciliation of defined benefit obligation

	2009	2008
	£'000	£'000
Opening defined benefit obligation	13,737	16,272
Current service costs	222	293
Interest cost	939	872
Contributions by members	85	79
Actuarial gains	(1,252)	(3,139)
Past service costs	113	-
Losses on curtailments	35	2
Estimated benefits paid	(731)	(642)
Closing defined benefit obligation	<u>13,148</u>	<u>13,737</u>

Reconciliation of fair value of employer assets

	2009	2008
	£'000	£'000
Opening fair value of scheme assets	11,280	12,144
Expected return on assets	782	845
Contributions by members	85	79
Contributions by employers	420	418
Actuarial losses	(3,292)	(1,564)
Benefits paid	(731)	(642)
Closing fair value of scheme assets	<u>8,544</u>	<u>11,280</u>

Amounts for the current and previous four accounting periods

	31 Mar 2009	31 Mar 2008	31 Mar 2007	31 Mar 2006	31 Mar 2005
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	8,544	11,280	12,144	11,382	8,897
Present value of defined benefit obligation	(13,148)	(13,737)	(16,272)	(16,425)	(13,503)
Deficit	(4,604)	(2,457)	(4,128)	(5,043)	(4,606)
Experience gains/ (losses) on assets	(3,292)	(1,564)	(182)	1,538	124
Experience gains/ (losses) on liabilities	1,252	3,139	(59)	13	950

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

11. EMPLOYEES *continued*

(b) Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, until 31 March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a 1/60th accrual rate
- Final salary with a 1/70th accrual rate
- Career average revalued earnings with a 1/60th accrual rate

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Group has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2008 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2008 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the Group paid contributions at the rate of 12.9% and 14.9%. Member contributions varied between 4.1% and 8.5% depending on their age.

As at the balance sheet date there were 173 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £4.7million. The Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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%.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

11. EMPLOYEES *continued*

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

	% pa
Valuation Discount Rates	
- Pre retirement	7.8
- Non pensioner post retirement	6.2
- Pensioner post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension increases	
- Pre 88 GMP	0.0
- Post 88 GMP	2.8
- Excess over GMP	3.0

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

The valuation was carried out using the following demographic assumptions.

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

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

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

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

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

11. EMPLOYEES *continued*

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

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

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require 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.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

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

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

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2008. As of this date the estimated employer debt for the Group was £15,127,000 and for the Association only £37,000.

(c) Pension Trust's Growth Plan

The Group participates in the Pensions Trust's Growth Plan. The plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension plan.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

11. EMPLOYEES *continued*

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

The Group paid contributions at a rate between 0% and 7% during the accounting period. Members paid contributions at the rate of between 3% and 5% during the accounting period. As at the balance sheet date there were 9 active members of the Plan employed by the Group and none by the Association. The Group continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from the total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and will be formalised shortly. The valuation of the scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

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

	% pa
- Investment return pre retirement	7.6

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

11. EMPLOYEES *continued*

-	Investment return post retirement	
	Active/deferreds	5.1
	Pensioners	5.6
-	Bonuses on accrued benefits	0.0
-	Rate of price inflation	3.2

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

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre retirement and 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require 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). A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Pensions Regulator in due course.

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

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

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

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
11. EMPLOYEES *continued*

The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2008. As of this date the estimated employer debt for the Group was £48,000 and for the Association £Nil.

12. BOARD MEMBERS AND EXECUTIVE DIRECTORS
Group and Association

The Chairman of the Board received remuneration at a rate of £9,826 per annum (2008: £Nil).

Other fees paid to Board Members in respect of the year were £23,157 (2008: £Nil)
 Expenses paid during the year to board members amounted to £9,022 (2008: £Nil).

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £123,000 (2008: £Nil).

The Chief Executive, Group Director of Corporate Services, Group Director of Development, Managing Director of OCHA and Managing Director of Westlea are members of the Social Housing Pension Scheme. The Group Director of Finance & IT is a member of the Wiltshire Pension Scheme. The pension contribution reflects the fact that the scheme is effectively closed to new joiners.

The emoluments of the Executive Directors were:

	Salary	Benefits	Pension	2009	2008
	£'000	in kind	£'000	Total	Total
	£'000	£'000	£'000	£'000	£'000
Chief Executive					
D Ashmore	113	11	17	141	-
Group Director of Finance & IT					
T Jackson	87	9	27	123	-
Group Director of Corporate Services					
L Whordley Hughes	76	8	11	95	-
Group Director of Development					
V O'Brien	87	9	13	109	-
Managing Director of OCHA					
A Smith	77	7	11	95	-
Managing Director of Westlea					
A Cornelius	87	9	13	109	-
	<u>527</u>	<u>53</u>	<u>92</u>	<u>672</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

13. TAX ON SURPLUS ON ORDINARY ACTIVITIES FOR THE PERIOD

(a) Analysis of tax charge in period

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current tax				
UK corporation tax on surpluses for the period	147	71	-	-
Adjustments in respect of prior periods	(3)	(7)	-	-
	<u>144</u>	<u>64</u>	<u>-</u>	<u>-</u>
Tax charge on surplus on ordinary activities	<u>144</u>	<u>64</u>	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the period

The tax assessed for the period differs to the standard rate of corporation tax in the UK, as explained below:

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Surplus for the year before tax	<u>1,183</u>	<u>2,281</u>	-	-
Theoretical tax of 28% (2008: 30%)	331	684	-	-
Effects of:				
Surpluses arising in charity	(293)	(615)	-	-
Expenditure that is not allowable for tax purposes	-	1	-	-
Difference between accounting and tax profits of sales of properties	-	13	-	-
Deferred gains crystallising on formation of Group	112	-	-	-
Small companies relief	(3)	(12)	-	-
Adjustments in respect of prior periods	(3)	(7)	-	-
	<u>144</u>	<u>64</u>	<u>-</u>	<u>-</u>
Current tax charge for the period	<u>144</u>	<u>64</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

14. TANGIBLE FIXED ASSET PROPERTIES

Group	Social housing properties held for letting	Non-Social housing properties held for letting	Lettings leasehold	Social housing Properties Under construction	Shared ownership properties held for letting	Shared ownership properties under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2008	229,820	3,495	671	25,576	16,134	7,382	283,078
Additions	-	142	-	47,524	-	3,896	51,562
Works to existing properties	1,198	-	-	-	-	-	1,198
Interest capitalised	-	-	-	1,384	-	265	1,649
Transfers	(134)	-	566	(160)	134	(406)	-
Schemes completed	42,049	-	-	(42,049)	9,330	(9,330)	-
Disposals	(725)	-	-	-	(482)	(128)	(1,335)
At 31 March 2009	272,208	(380)	1,237	32,275	25,116	1,679	335,772
Depreciation							
At 1 April 2008	1,380	-	287	-	24	-	1,691
Charged in year	2,290	-	14	-	203	-	2,507
Disposals	(490)	-	-	-	-	-	(490)
At 31 March 2009	3,180	-	301	-	227	-	3,708
Social Housing and other grants							
At 1 April 2008	10,360	-	-	3,634	-	1,512	15,506
Additions	-	-	-	14,661	-	412	15,073
Transfers	57	-	-	912	(57)	(912)	-
Schemes completed	12,347	-	28	(12,347)	786	(814)	-
Disposals	-	-	-	-	(2)	-	(2)
At 31 March 2009	22,764	-	28	6,860	727	198	30,577
Net book value							
At 31 March 2009	246,264	3,257	908	25,415	24,162	1,481	301,487
At 31 March 2008	218,080	3,495	384	21,942	16,110	5,870	265,881

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
14. TANGIBLE FIXED ASSETS - PROPERTIES *continued*

The Groups completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH), including notional directly attributable acquisition costs. The Group's properties were last valued by professional external valuers at 31 March 2007 and 2008.

Further information is given below and in the individual subsidiary financial statements.

The last full valuations were undertaken in accordance with the RICS Appraisal and Valuation Standards, using discounted cash flow methodology and the following key assumptions:-

Discount rate	6.0%
Annual inflation rate	2.5%
Level of annual rent increase	3.0%

In addition, the Group owns 28 market-renting properties, which have been valued on an open market value basis, assuming vacant possession by external valuers, Savills LLP, Chartered Surveyors.

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less SHG and depreciation is as follows:

	Group		Association	
	2009	2008	2009	2008
	£ '000	£ '000	£ '000	£ '000
Historical cost	312,659	268,577	-	-
Social housing grant	(117,936)	(105,505)	-	-
Other capital grants	(973)	(973)	-	-
Depreciation and impairment	(10,517)	(9,186)	-	-
	<u>183,233</u>	<u>152,913</u>	<u>-</u>	<u>-</u>

Social housing grant	Group		Association	
	2009	2008	2009	2008
	£ '000	£ '000	£ '000	£ '000
Total accumulated SHG receivable at 31 March was:			-	-
Capital grants	(122,602)	(108,663)	-	-
	<u>(122,602)</u>	<u>(108,663)</u>	<u>-</u>	<u>-</u>

Expenditure on works to existing properties:

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amount capitalised	1,198	714	-	-
Amounts charged to income and expenditure account	<u>1,678</u>	<u>2,303</u>	<u>-</u>	<u>-</u>
	<u>2,876</u>	<u>3,017</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

14. TANGIBLE FIXED ASSETS - PROPERTIES *continued*

Housing properties book value, net of depreciation and grant paid comprises:

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Freehold land and buildings	299,836	264,216	-	-
Long leasehold land and buildings	1,037	1,051	-	-
Short leasehold land and buildings	614	614	-	-
	<u>301,487</u>	<u>265,881</u>	<u>-</u>	<u>-</u>

Impairment

An impairment provision of £289,000 in one subsidiary was made in March 2008 to reduce the carrying value of certain properties. They have been demolished and the site is being redeveloped.

15. TANGIBLE FIXED ASSETS – OTHER

Group	Freehold offices	Office equipment and fittings	Computers	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2008	4,839	1,713	2,338	830	9,720
Additions	-	431	460	95	986
Disposals	-	(34)	-	(75)	(109)
At 31 March 2009	<u>4,839</u>	<u>2,110</u>	<u>2,798</u>	<u>850</u>	<u>10,597</u>
Depreciation					
At 1 April 2008	856	1,244	1,720	599	4,419
Charged in year	66	226	191	102	585
Disposals	-	(34)	-	(71)	(105)
At 31 March 2009	<u>922</u>	<u>1,436</u>	<u>1,911</u>	<u>630</u>	<u>4,899</u>
Net book value					
At 31 March 2009	<u>3,917</u>	<u>674</u>	<u>887</u>	<u>220</u>	<u>5,698</u>
At 31 March 2008	<u>3,983</u>	<u>469</u>	<u>618</u>	<u>231</u>	<u>5,301</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

15. TANGIBLE FIXED ASSETS - OTHER *continued*

Association	Office equipment and fittings £'000	Computers £'000	Total £'000
Cost			
At 1 April 2008	-	-	-
Additions	247	219	466
At 31 March 2009	<u>247</u>	<u>219</u>	<u>466</u>
Depreciation			
At 1 April 2008	-	-	-
Charged in year	16	13	29
At 31 March 2009	<u>16</u>	<u>13</u>	<u>29</u>
Net book value			
At 31 March 2009	<u>231</u>	<u>206</u>	<u>437</u>
At 31 March 2008	<u>-</u>	<u>-</u>	<u>-</u>

16. FIXED ASSET INVESTMENTS

	2009 £	2008 £
Shares in Group undertakings at 31 March	<u>14</u>	<u>-</u>

The Association owns issued share capital of the following companies incorporated and registered in England:

Company	Type of Share	% Held	Principal Activity
Oxford Citizens Housing Association	Ordinary £1	100%	Registered Social Landlord
Westlea Housing Association	Ordinary £1	100%	Registered Social landlord
Oakus Estates Ltd	Ordinary £1	75%	Commercial letting

17. STOCK

	Group		Association	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Raw materials and consumables	168	103	-	-
Work in progress (properties for sale)	1,578	2,141	-	-
Shared ownership properties:				
Properties under construction	1,109	2,111	-	-
Completed properties	1,285	3,043	-	-
	<u>4,140</u>	<u>7,398</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
18. DEBTORS

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	3,033	2,518	-	-
Less: provision for bad and doubtful debts	(1,490)	(1,431)	-	-
	<u>1,543</u>	<u>1,087</u>	<u>-</u>	<u>-</u>
Due from subsidiary undertakings	-	-	1,388	-
Capital grants receivable	-	996	26	-
Other debtors	1,192	1,530	-	-
Prepayments and accrued income	394	739	39	-
	<u>3,129</u>	<u>4,352</u>	<u>1,453</u>	<u>-</u>

19. CURRENT ASSET INVESTMENTS

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Short term deposits	7,194	1,694	-	-
Investments listed on a recognised stock exchange	328	403	-	-
	<u>7,522</u>	<u>2,097</u>	<u>-</u>	<u>-</u>

The listed investments are held at market value. The historical cost of these investments at 31 March 2009 was £402,109 (2008: £406,663).

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Housing Loans (note 22)	1,072	688	-	-
Trade creditors	2,592	3,028	-	-
Amount due to subsidiary undertaking	-	-	1,646	-
Rent and service charges received in advance	901	675	-	-
Social Housing Grant received in advance	50	-	-	-
Recycled capital grant fund (note 23)	35	34	-	-
Corporation tax	157	71	-	-
Other taxation and social security	244	331	89	-
Other creditors	2,299	4,115	-	-
Accruals and deferred income	3,029	1,503	155	-
	<u>10,379</u>	<u>10,445</u>	<u>1,890</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2009	2008	2009	2008
Due after more than one year	£'000	£'000	£'000	£'000
Loans (note 22)	193,842	157,116	-	-
Recycled capital grant fund (note 23)	25	91	-	-
Sinking funds for Leasehold schemes	177	137	-	-
Loan stock	5	5	-	-
Other long term creditors	5	5	-	-
	<u>194,054</u>	<u>157,354</u>	<u>-</u>	<u>-</u>

The bank loans are repayable by instalments, with the final instalments due to be paid in the period to 2042. At the year end, the Group had fixed over 65% of its debt with interest rates ranging from 3.54% to 5.97%, and floating debt had an average interest rate of between 3.14% and 3.37%.

Loans are stated after the deduction of £658,000 (2008: £686,000) of issue costs which are amortised over the expected life of the loan.

Major repairs sinking funds are maintained for several leasehold estates to provide for repairs of a long term nature. Residents contribute through the service charge.

Housing loans from Orchardbrook Ltd (former Housing Corporation loans), local authorities, building societies and banks are secured by floating charges over the assets of the Group, and by fixed charges on individual properties and are repayable at varying rates of interest in instalments due as follows:

22. LOAN ANALYSIS

	Group		Association	
	2009	2008	2009	2008
Loans are repayable as follows:	£'000	£'000	£'000	£'000
Within one year	1,072	688	-	-
Between one and two years	961	1,334	-	-
Between two and five years	3,247	2,480	-	-
After five years	189,634	153,302	-	-
	<u>194,914</u>	<u>157,804</u>	<u>-</u>	<u>-</u>

23. RECYCLED CAPITAL GRANT FUND

Group	2009	2008
	£'000	£'000
At 1 April 2008	125	292
Grants recycled	1	57
Interest accrued	1	7
Combined with allocations of SHG	<u>(67)</u>	<u>(231)</u>
Balance at 31 March 2009	<u>60</u>	<u>125</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
24. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Restructuring £'000	Properties £'000	Total £'000
At 1 April 2008	119	74	193
Released in the year	<u>(119)</u>	<u>(24)</u>	<u>(143)</u>
At 31 March 2009	<u>-</u>	<u>50</u>	<u>50</u>

The property provision arises in respect of residual lease commitments. The average cost of dilapidation repairs have been spread over the remaining period of the leases. The restructuring provision made in 2008 was in respect of redundancy costs as a result of organisation changes. The provision has been fully utilised by 31 March 2009.

25. NON-EQUITY SHARE CAPITAL
Association

	2009 £	2008 £
Shares of £1 each issued and fully paid		
At 1 April	9	-
Shares issued during the year	<u>-</u>	<u>9</u>
At 31 March	<u>9</u>	<u>9</u>

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

26. RESERVES

Group	Hunts Close Designated Reserve £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 April 2008	52	90,563	26,275	116,890
Surplus for the year	-	-	1,039	1,039
Actuarial deficit relating to pension scheme	-	-	(2,040)	(2,040)
Revaluation adjustments	-	(503)	-	(503)
Tax on investment revaluation	-	-	(10)	(10)
Transfers	<u>(1)</u>	<u>(738)</u>	<u>739</u>	<u>-</u>
At 31 March 2009	<u>51</u>	<u>89,322</u>	<u>26,003</u>	<u>115,376</u>

Association	Revenue Reserve £'000	Total £'000
At 1 April 2008	-	-
Surplus for the year	<u>-</u>	<u>-</u>
At 31 March 2009	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009
27. FINANCIAL COMMITMENTS
Group and Association

Capital expenditure commitments are as follows:	2009	2008
	£'000	£'000
Expenditure contracted for but not provided in the accounts	23,110	37,559
Expenditure authorised by the Board, but not contracted	29,079	40,285
	<u>52,189</u>	<u>77,844</u>

It is anticipated that the above commitments will be financed through borrowings which are available under existing loan arrangements, and through social housing grant.

Operating leases

The payments which the Group is committed to make in the next year under operating leases are as follows:

	2009	2008
	£'000	£'000
Temporary housing and vehicle leases expiring:		
Within one year	321	743
One to five years	2,919	2,054
	<u>3,240</u>	<u>2,797</u>

28. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Group	2009	2008
	£'000	£'000
Operating surplus	8,913	7,961
Depreciation of tangible fixed assets	3,063	2,864
Deficit on sale of other tangible fixed assets	-	(2)
Pensions operating charge	335	293
Pensions contributions paid	(389)	(420)
	<u>11,922</u>	<u>10,696</u>
Working capital movements		
Stock decrease/(increase)	3,259	(3,520)
Debtors decrease/(increase)	(239)	253
Creditors (decrease)/increase	(1,462)	1,295
Net cash inflow from operating activities	<u>13,480</u>	<u>8,724</u>

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Group	2009	2008
	£'000	£'000
Increase in cash	177	384
Cash outflow/(inflow) from decrease in liquid resources	5,496	546
Cash inflow from increase in debt	(37,082)	(37,327)
Non cash movements	(99)	(25)
Change in net debt from cash flows	<u>(31,508)</u>	<u>(36,422)</u>
Net debt at 1 April	(153,402)	(116,980)
Net debt at 31 March	<u>(184,910)</u>	<u>(153,402)</u>

NOTES TO THE FINANCIAL STATEMENTS
31 March 2009

30. ANALYSIS OF NET DEBT

Group	1 April 2008 £'000	Cash flow £'000	Non cash movement £'000	31 March 2009 £'000
Cash at bank and in hand	2,310	177	-	2,487
Current asset investment	2,097	5,496	(71)	7,522
	<u>4,407</u>	<u>5,673</u>	<u>(71)</u>	<u>10,009</u>
Loans	(157,804)	(37,082)	(28)	(194,914)
Loan stock	(5)	-	-	(5)
Changes in debt	<u>(157,809)</u>	<u>(37,082)</u>	<u>(28)</u>	<u>(194,919)</u>
Changes in net debt	<u>(153,402)</u>	<u>(31,409)</u>	<u>(99)</u>	<u>(184,910)</u>

31. RELATED PARTIES

There were two tenant members of the Group Board: I Williams (from 20 February 2008) and Monique Audifferen (from 28 April 2008 to 6 April 2009). Their tenancies are on normal commercial terms and the tenant board members are not able to use their position to their advantage.



GreenSquare

GreenSquare Group Limited

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