

3777037

# **PLACES *for* PEOPLE**

## **GROUP LIMITED**

FINANCIAL STATEMENTS

For the year ended 31 March 2003



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# **PLACES** *for* **PEOPLE**

FINANCIAL STATEMENTS

For the year ended 31 March 2003

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15/11/03

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30/10/03

COMPANIES HOUSE

11/10/03

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Places for People Group Limited

**GROUP CONSOLIDATED HIGHLIGHTS - FIVE YEAR SUMMARY**

For the year ended 31 March

	2003	2002	2001	2000	1999 as restated
<b>Group Income and Expenditure account (£'000)</b>					
Total turnover	197,236	164,540	153,103	133,346	123,038
Gross rents receivable from Social Housing Lettings	144,021	132,868	122,959	123,233	110,988
Operating surplus before interest	57,704	56,348	52,345	48,398	47,379
Surplus on ordinary activities	13,478	8,565	5,727	8,393	8,638
<b>Group Balance Sheet (£'000)</b>					
Tangible fixed assets	1,931,581	1,871,988	1,685,524	1,617,378	1,423,888
Investment in new housing properties during the year	79,250	88,601	86,375	111,272	111,112
Expenditure on repairs and improvements	42,479	37,033	33,302	31,600	29,600
Social Housing Grant and other capital grants	994,594	986,961	889,617	874,448	799,651
Tangible assets net of Social Housing Grant	906,685	862,150	786,049	739,343	623,995
Loans	761,022	700,469	642,037	624,709	539,107
Reserves	191,296	170,680	146,508	140,225	116,522
<b>Accommodation Figures</b>					
Total housing stock owned (number of dwellings)	53,153	52,655	49,831	48,500	45,435
<b>Group Statistics</b>					
Surplus on ordinary activities as % of turnover	6.8%	5.2%	3.7%	6.3%	7.0%
Operating surplus before interest per home owned	£1,086	£1,070	£1,050	£998	£1,043
Total reserves per home owned	£3,598	£3,241	£2,940	£2,891	£2,565
Interest cover before depreciation (surplus before charging depreciation and interest payable, divided by net interest payable)	1.3	1.3	1.2	1.3	1.2
Interest cover after depreciation (surplus after charging depreciation but before interest payable, divided by net interest payable)	1.2	1.1	1.1	1.2	1.2
Liquidity (current assets divided by current liabilities)	1.6	1.4	1.4	1.3	1.7
Gearing (total loans less current asset investments as % of tangible fixed assets)	37.4%	37.0%	37.2%	37.3%	34.9%
Void and bad debts as % of rent and service charge receivable	4.5%	4.7%	5.3%	5.9%	5.6%

Note

These figures have been extracted and calculated from current and prior years' audited Group financial statements. The 1999 accounts were restated as a consequence of the amendments to the capitalisation of development administration overheads required by the full adoption of the 1999 SORP.

The surplus of £13.5 million (2002:£8.6million) has been achieved after charging depreciation on Housing properties of £7.5million (2002:£6.6million) . Prior to 2000 there was no requirement to charge depreciation on Housing Properties.

The total reserves per home owned includes negative goodwill on acquisitions of £31.8million (Note 28).

**Financial Statements**  
**For the period ending 31 March 2003**

**Board of Directors**

S L Cox OBE: Group Chairman  
The Ven. R W B Atkinson OBE  
C Blakey  
Mrs K J Boyle ( Resigned 29 January 2003 )  
A J Burford  
N Dakin ( Co-opted 19 March 2003 )  
D Cowans: Group Chief Executive  
Mrs J E Harris Jones  
Ms K Heaton ( Appointed 19 March 2003 )  
Miss P Leith OBE  
D A Main  
D F Walker  
S Binks : Group Director (Finance and Information)

<b>Group Chief Executive</b>	D Cowans
<b>Group Director (Operations)</b>	Ms H Keenan
<b>Group Director (Development &amp; Procurement)</b>	D Shaw
<b>Group Director (Organisation)</b>	Ms K Heaton
<b>Group Director (Finance and Information)</b>	S Binks

Registered Auditors	Bankers	Principal Solicitors	
KPMG LLP St James Square Manchester M2 6DS	Co-operative Bank Plc 147 Church Street Preston PR1 3UD	Bevan Ashford Bristol	Eversheds Cardiff
		Cobbetts Manchester	Trowers & Hamblins London
	Dresdner Kleinwort Wasserstein 20 Fenchurch Street London EC3P 3DB	Devonshires London	Dickinson Dees Newcastle Upon Tyne

4 The Pavilions  
Port Way  
Preston  
PR2 2YB

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

## **Places for People Group Limited**

### **Financial Statements**

**For the period ending 31 March 2003**

### **REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors is pleased to present its report and the audited consolidated financial statements for the period ending 31 March 2003.

#### **Nature of the Group**

Places for People Group Limited is a company limited by guarantee and a Registered Social Landlord. It is a non-asset owning company, which did not trade during the year, but commenced trading as at 1 April 2003 to provide administrative support services to other Group members. Places for People Group Limited sets the overall strategic direction and policy framework for the Places for People Group (the Group), leaving the day to day management of the Group companies to the individual Boards. Independence and Responsibility Agreements exist between the Group parent and the subsidiaries which are the basis of the group structure and enable the Board of Directors to control the Group.

The Group comprises a number of companies, providing a range of services and products which deliver places to live, not just developing and managing rented housing. The key subsidiaries within the Places for People Group are as follows:

**North British Housing Limited (NBH)**, is a registered non-charitable housing association through which the majority of affordable housing is developed and managed.

**New Leaf Supporting Independence Limited**, is a charitable housing association which focuses on care and supported housing activities.

**blueroom properties limited**, is a limited company which is the commercial arm of the Group, focusing on market renting to generate surpluses to subsidise core housing activities.

**JVCo Limited**, is a limited company which develops partnerships with other organisations to make a wider contribution to the communities where the Group works.

**Bristol Churches Housing Association Limited (BCHA)** is a charitable Registered Social Landlord which provides a full range of housing and housing related services in the South West.

**Edinvar Housing Association Limited**, and its subsidiaries, Edinvar Community Care Ltd, Edinvar Housing Trust Ltd, and Edinvar Trust. Edinvar Group is an established charitable Registered Social Landlord that operates in Edinburgh and the Lothians.

**Emblem Homes Limited**, is a limited company which complements the activities of blueroom properties limited, by focusing on the development of housing for sale. It commenced trading in April 2002.

**PfP Developments Limited**, is a limited company which provides the procurement and construction management services for the other Group bodies' newbuild capital development and major repairs projects.

**Kush Housing Association Limited**, is an established charitable Registered Social Landlord operating in London.

**Capital City Homes Limited**, is a registered social landlord, whose principal activity is the provision of affordable housing for the benefit of residents in Edinburgh

As at 31 March 2003 the consolidated Group owns or manages 53,153 properties. At 31 March 2003 it employed 1900 people, and had tangible fixed assets of £1,932 million.

#### **Corporate Framework**

In order to meet the challenges of providing good quality places where people want to live, and succeeding as a Group, the Group aims to:

- ❖ continue improving the delivery of housing services;
- ❖ get closer to the Group's customers, so that it is always in touch with their views and needs;
- ❖ provide a diverse range of housing options, with choices in terms of the design, tenure and location of homes;
- ❖ provide new homes in accordance with the Group's business strategy;
- ❖ carry out a new business strategy which, reflects market realities, customer priorities, demographic trends and which is financially sustainable in the long term;
- ❖ work directly or in conjunction with partners to facilitate a wider range of non-housing products and services that reflect the needs of the Group's customers such as childcare, health, employment and training, and community development;
- ❖ develop capacity and skills to improve performance and deliver best value.

## **Places for People Group Limited**

### **Financial Statements**

**For the period ending 31 March 2003**

#### **REPORT OF THE BOARD OF DIRECTORS (CONTINUED)**

- ❖ ensure estate strategies are in place to deliver the range of housing management services, lettings plans, investment and customer involvement responses required; and
- ❖ put in place marketing strategies to develop the Group's profile, attract future customers and market its homes.

The Group has published a Group Strategy Statement which describes how it will meet these challenges.

#### **Results**

The Group's surplus for the year before taxation and transfers to reserves was £13.5 million. The equivalent figure in 2002 was £8.6million. It should be noted that the current year's surplus is after a charge for housing property depreciation of £7.5 million (2002: £6.6million). £79.3 million (2002: £88.6million) was spent on additional housing and £42.5 million (2002 : £37million) was reinvested in stock through maintenance, major repairs and improvements. Further details appear in the Operating and Financial Review on pages 9 and 10.

#### **Future Developments**

The Group had 1,212 properties in development at the year end, and it is anticipated that a further £96.1 million will be spent completing these properties.

#### **Corporate Governance**

A Code of Governance was published by the National Housing Federation in November 2002. It was intended for the guidance of Housing Associations so that they can continue to follow the highest standards of governance, accountability and probity while responding within an environment of change and risk. The Board has taken appropriate action in response to the code.

#### **Committee Structure**

The Board of Directors for Places for People Group Limited is responsible for setting strategies and policies for the whole Group and co-ordinating the Group's activities under Independence and Responsibility Agreements with each subsidiary. These agreements enable the Board of Directors to control the Group and are the basis of the legal structure.

The Board has a range of skills and experience, which meet the requirements listed in the National Housing Federation's code of governance for housing associations.

Reporting to the Board on Group issues are the Group Audit Committee and the Finance and Corporate Affairs Committee. During the year the board agreed to form a Remuneration Committee and a Nominations Committee.

The Group Audit Committee is responsible to the Board for all the Group's accounting policies and standards, appointment and remuneration of the external auditors, the resources and work programme of Business Assurance, and monitoring the risk management framework and the adequacy of internal control. The Committee is also responsible for receiving and reviewing reports from Business Assurance and external audit on a regular basis.

#### **Audit Committee Members:-**

D A Main  
The Ven R W B Atkinson OBE  
A J Burford

C Blakey  
Mrs J E Harris Jones (Chair)

#### **Officers who attend the meeting:-**

Group Chief Executive  
Group Director (Finance & Information)

Head of Business Assurance  
Group Financial Controller

The External Auditors also attend the Audit Committee meetings.

**REPORT OF THE BOARD OF DIRECTORS (CONTINUED)**

Area Customer Liaison Panels (ACLPs) comprise tenants, who take responsibility for monitoring housing management performance and informing local management of customer requirements, in respect of all the services provided by the Group. Each NBH (and New Leaf) region also has a regional representative, who is a Board Member of the Board of North British Housing, who is responsible for ensuring that ACLPs are efficient and that issues that cannot be resolved at local level can be raised at the Board. This sort of approach is also promoted to all group members and Bristol Churches Housing Association has a similar arrangement. Edinvar and Kush are considering the introduction of a similar arrangement.

**Executive Directors**

The Executive Directors are listed on page 3 and they are appointed by the Board of Directors. They are responsible for the day to day management of the Group and meet on a fortnightly basis. The meetings are chaired by the Group Chief Executive.

**Internal Controls and Value Added by the Board**

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

In November 2001 the Housing Corporation issued Circular R2 - 25/01 on internal controls assurance, which codifies the applicability to Registered Social Landlords of the provisions of the Combined Code on Corporate Governance. The Board believes that Places for People Group has in place the frameworks required to comply with the requirements of the circular R2-25/01.

**Internal Controls**

The following are the key procedures the Board of Directors have established and designed to provide effective internal control:-

- The Board of Directors takes major decisions. Other decisions are delegated through defined Independence and Responsibility Agreements for each subsidiary, terms of reference for each Committee and financial regulations and standing orders for employees.
- A Group Strategy Statement is produced and published incorporating the Group's strategic direction and values. These are reflected in an annual business plan for the Group and each trading subsidiary, supported by individual regional plans, which include operational targets for effective performance monitoring.
- Clearly defined organisation structure and management responsibilities, together with the appointment of experienced and suitably qualified staff, with responsibility for important business functions.
- The preparation, monitoring and approval of financial plans including sensitivity analysis and assessment of key risks.
- The preparation, approval and monitoring of an annual budget and quarterly management accounts for the Group.
- Performance monitoring by all Boards of Directors, all Committees and the Group's Executive Team through quarterly and monthly reports on key business activities and risks, including Housing Corporation Performance and Investment Summaries.
- Ongoing policy and process review of key systems with reports to Boards and Committees.
- Specified procedures for capital expenditure approval, tendering, treasury management, payments and income receipting, recording, reconciliation and banking and for dealing with fraud.

**REPORT OF THE BOARD OF DIRECTORS (CONTINUED)**

- The use of a loan covenant register and standard loan covenants for agreement with lenders. All new treasury products need to be approved by the Board of Directors.
- The preparation, approval and monitoring of a risk management framework for the Group. This framework identifies the key risks facing the Group and the control arrangements in place. The risk control framework has been deployed throughout the Group on a regional basis, and is monitored by the Group Director ( Operations ) on behalf of the Board.
- The receipt of an annual report to the Audit Committee from Business Assurance on its strategic plan and a quarterly report on the Risk Management Framework;
- Internal Letters of Representation on Internal Control signed by Directors and Senior Management.
- The receipt of an annual report by the Group Audit Committee from the Head of Business Assurance confirming the delivery of planned coverage of the Business Assurance plan and summarising the themes and issues arising thereon and quarterly reports on detailed findings and the action being taken to address issues arising.
- Quarterly reports to Audit Committee and local management and the Board from Business Assurance covering the detailed audits carried out within the context of the strategic plan.
- A report from the Group Chief Executive to the Group Board on the position on internal control

The Board of Directors has reviewed the effectiveness of the system of internal control for the period ending 31 March 2003, and up to the date of signing these financial statements. It has not identified any weaknesses, which resulted in material losses or other uncertainties which require disclosure in the financial statements.

**Employment (Equality and Diversity)**

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

The Group is committed to achieving equality through diversity and its policies and strategies recognise that all people have the right to their own distinctive and diverse identity. The Group recognises that it has the power to reduce the disadvantages that people experience by making services more responsive to all communities and individual needs. The Group also recognises its ability to meet these diverse needs by having a diverse workforce, which generally reflects local populations and has the skills and understanding to achieve the service objectives. The Group uses the 'Positive About Disabled People' symbol and is committed to employ people with disabilities. It also holds the Diversity Award Gold Standard.

**Health and Safety and the Environment**

The Board is aware of its responsibilities on all matters relating to health, safety and the environment. During the year the Group has continued to update its health and safety policies and provide staff training and education on health and safety matters. Advice and support is provided by a central health and safety team based at the Group Support Centre.

The Group aims to manage its activities so that any adverse effects on the environment are minimised. A policy statement has been produced which reaffirms the Group's commitment to environmental, social and economic sustainability. This has been discussed within the organisation to raise awareness and agree practical ways of implementation.

**Donations**

During the year the Group has made charitable donations of £63,027 (2002:£50,012). The Group has made no political donations (2002 :£nil).

**Annual General Meeting**

The Annual General Meeting will be held on 24 September 2003 at 305 Gray's Inn Road, Kings Cross, London.



**REPORT OF THE BOARD OF DIRECTORS (CONTINUED)**

**Going Concern**

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

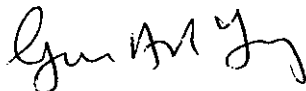
**Responsibilities of the Board of Directors**

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

The Board of Directors confirms that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ending 31 March 2003. The Board of Directors also confirms that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

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

By order of the Board



**G A R Fordyce**  
Company Secretary

**Preston, 23 July 2003**

**OPERATING AND FINANCIAL REVIEW**

**Results for the Year**

The Places for People Group is a not for profit organisation which consists of a number of companies. There are Registered Social Landlords (RSLs), in the group structure, which seek to charge affordable rents whilst ensuring that adequate income is generated to meet operating costs and interest payments, and to provide an appropriate level of surplus and reserves which are required for the reasons stated below. There are non RSLs within the Group which seek to make profits to contribute to the overall aims of the Group. The results of the Group should be considered with this in mind.

The Group's surplus for the year before taxation and reserve transfers was £13.5 million (2002 : £8.6million), which the Board of Directors considers meets the objectives detailed above, particularly as £34.2 million has been retained to date in reserves for potential increases in major repair expenditure. The Group is committed to a policy of concentrating its resources on the maintenance and improvement of its housing stock, and this will be financed from future annual income supplemented by the allocated reserves.

The surplus for the year is stated after a charge for the depreciation of housing properties of £7.5 million (2002 : £6.6million).

With regard to the Group's main activity, the letting and management of rented housing, the operating surplus before interest, increased by 2.5% to £57.7 million (2002: £56.3million). Turnover increased by 19.9% to £197.2 million (2002 : £164.5 million), whilst operating costs increased by 14.1% to £117.4 million (2002 : £102.8million). The total expenditure on repairs and maintenance, major repairs, and improvements was £42.5 million (2002: £37million), of which £6.9 million (2002 : £9.2million) relating to improvements has been added to fixed assets. The balance of the expenditure is included in operating costs. The Board of Directors believe that this, together with the planned expenditure on its housing stock and a determination to keep rents affordable, demonstrates a commitment to the key objectives of the Group.

**Key Performance indicators**

The key indicators of performance, in addition to the financial operating statements, are financial indicators, rental arrears, void losses, and response times for repairs. These are monitored on a weekly basis and published monthly for each subsidiary Board.

**Surpluses/reserves**

Annual surpluses are necessary to meet unforeseen events which may arise during the year, to meet obligations to lenders and to build up adequate reserves for the Group, for the reasons detailed below. The Group's policy on surpluses is to generate a sufficient level to meet these requirements, whilst at the same time planning to restrict average rent increases so as to achieve the Rent Convergence criteria. Performance Indicators published by the Housing Corporation demonstrate that the Group's assured rents are lower than those charged by the majority of comparable Associations.

The Group has capital and reserves of £191.3 million (2002: £170.7 million), representing an amount of £3,605 per property (2002: £3,241). These have been generated from the accounting surpluses over the years, but are not held in the form of cash. The cash attributable to these reserves has been spent on the Group's housing stock thus reducing borrowing requirements. If reserves were not built up and used together with loan finance to fund new development, the pool of properties available to secure new loans would be rapidly exhausted and the ability of the Group to continue to meet housing needs seriously threatened.

There are two further reasons why reserves are needed. Firstly, the Group has a long term responsibility to maintain and improve its properties and to respond to changes in demand for accommodation. The consequences of a lack of proper investment in the past in both the public and private sector is all too apparent. To meet this commitment, the Group has increased expenditure on its housing stock and has allocated reserves for major repairs totalling £34.2 million (2002: £34.3 million). Secondly, the Group faces significant financial risks, a brief summary of which is provided below.

During the year, £79.3 million was spent on developing housing and the Group expects to spend a further £96.1 million completing the 1,212 properties in development at the year end. This development programme exposes the Group to a number of risks, including liquidation of contractors, remedying of defects, contractual litigation and cost overruns. The potential risk cannot be accurately quantified and it is possible that revenue reserves may be needed for situations arising in the future. A comprehensive risk management framework is in place to identify and manage these risks.

Another area of risk relates to Group borrowings which have increased by £60.5 million during the year, reflecting both the increasing proportion of development costs that are now being met from loans as opposed to grant. The Group has limited its overall exposure to this risk by securing the majority of its debt at a fixed rate of interest and through the development of interest rate hedging techniques. However, a 1% rise in interest rates would, for example, cost the Group £3.0 million per annum.

## **Places for People Group Limited**

### **Financial Statements**

**For the period ending 31 March 2003**

### **OPERATING AND FINANCIAL REVIEW (CONTINUED)**

Finally, a large proportion of the Group's rental income is paid from housing benefit. Whilst the Group's commitment to charging affordable rents reduces its vulnerability to changes in the benefit system, it is nevertheless a concern that this is an area that may be targeted as pressures on the Social Security budget increase. At the year end 18.4% of the Group's arrears related to Housing Benefit.

The Board of Directors consider that, in the light of the above, the current policy on surpluses and reserves reflects an appropriate degree of prudence justified by the assessment of potential risks and future liabilities.

#### **Post Balance sheet Events**

From 1<sup>st</sup> April 2003, Places for People Group Ltd commenced trading as provider of corporate services to all the other members of the Group.

In July 2003 North British Housing Ltd, a wholly owned subsidiary raised £200million long term finance through a Bond issue.

#### **Cashflow and Liquidity**

The net cash inflow from operating activities before interest costs was £57.2 million (2002: £53.1million). Bank balances and short term investments were £43.9 million at the year end (2002 : £20.6 million). In addition to this, the Group had available facilities of £108.7 million, of which £28.6 million was immediately available without the need for additional security.

#### **Treasury Management**

Group borrowings increased by £60.5 million during the year. The ratio of net loans to total tangible assets at cost, after adjusting for the direct costs of fund raising was 37.4 % (2002: 37.0%) which is within the strategy target maximum of 50.0%.

The Group's policy is to retain minimal cash whilst ensuring that sufficient loan facilities are available and immediately accessible to finance a minimum 1 year's cashflow. Cash projections cover a 3 year period to continuously monitor future borrowing requirements. The borrowing strategy is to aim over time to contain interest rate risk to within 25% of the loan book, with the Board exercising a strict control over derivative transactions (currently 56% of debt is at fixed rates of interest, whilst a further 9% is hedged against adverse rate movements). Refinancing risk (defined as loans which do not include some form of amortisation) is constrained to no more than 50% of the loan book. Currently only 21.3 % of debt carries a refinancing risk, the majority of which matures beyond 5 years.

The Group's investment activity is governed by strict counterparty credit criteria and investment limits, the primary objective being the preservation of capital, as opposed to maximisation of returns.

#### **Fixed Assets**

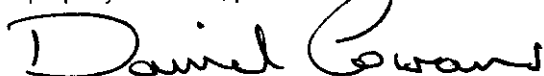
The cost of the Group's fixed assets is £1,931.6 million (2002: £1,872.0million). These have been funded from Housing Association and other capital grants of £994.5 million (51.5%), loans of £761.0 million (39.4%) and the Group's own resources of £176.1 million (9.1 %).

#### **Long Term Debtors**

The majority of these debtors relate to housing properties developed for other Registered Social Landlords which are transferred to them by lease on completion. It is envisaged that, over time, these organisations will raise their own finance and buy out the lease obligations.

#### **Pension Funds**

The Board has reviewed its obligations arising from employee pension funds, and is satisfied that its liabilities are properly identified, planned and accounted for. The position will be kept under review on an annual basis.



**D Cowans**  
**Group Chief Executive**

**Preston, 23 July 2003**

## REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF PLACES FOR PEOPLE GROUP LIMITED

We have audited the financial statements on pages 12 to 45.

This report is made solely to the Group's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the Board of Directors and Auditors

The Group's Board of Directors is responsible for preparing the directors' report and, as described on page 8, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board, the Housing Corporation, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2000. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the Group is not disclosed.

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

### Basis of Audit Opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the *Company and Group's* affairs as at 31 March 2003 and of the Group's surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2000.



KPMG LLP  
Chartered Accountants  
Registered Auditors  
St James Square  
Manchester  
M2 6DS

29 August 2003

**Places for People Group Limited**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 March 2003**

		2003	2002
	Notes	£'000	£'000
Turnover	2	197,236	164,540
Cost of sales	2	(22,139)	(5,344)
Operating costs	2	(117,393)	(102,849)
Operating surplus before interest	2	57,704	56,347
Surplus on sale of housing accommodation	4	4,185	1,567
Interest receivable and similar income	7	1,936	1,680
Interest payable and similar charges	8	(50,413)	(50,938)
Share of operating surplus/(deficit) on joint venture	15	66	(91)
Surplus on ordinary activities before taxation	9	13,478	8,565
Taxation	10	(1,692)	(3,585)
Surplus for the year		11,786	4,980
Revenue reserves at 1 April	25	88,735	84,406
Transfer from restricted reserves	26	(171)	(49)
Transfer from designated reserves	27	(807)	(602)
Transfer of realised revaluation reserves		279	-
Revenue reserves at 31 March	25	99,822	88,735

All amounts relate to continuing operations.

There is no difference between the surplus as stated above, and the historical cost equivalents for 2003 and 2002.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 March**

	2003	2002
	£'000	£'000
Surplus for the financial year	11,786	4,980
Unrealised surplus on revaluation of investments	9,126	2,493
Total gains and losses recognised since the last annual report	20,912	7,473

The notes on pages 16 to 45 form an integral part of these financial statements.

No income and expenditure account has been included in these financial statements for the parent company, Places for People Group Limited, as it was a non-trading parent company. It is anticipated that the Company will commence trading in the coming year to provide administrative support services to other Group members.

**CONSOLIDATED BALANCE SHEET**  
**as at 31 March 2003**

2003

2002

	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	11		1,931,581		1,871,988
Less: SHG and other capital grants	11	(994,594)		(986,961)	
: Depreciation	11	(49,405)	(1,043,998)	(39,556)	(1,026,517)
			887,583		845,471
Investments	14		18,597		16,240
Investments in joint ventures:	15				
: Share of gross assets		1,138		1,157	
: Share of gross liabilities		(633)	505	(718)	439
			906,685		862,150
<b>Current assets</b>					
Stock	16	34,992		15,656	
Debtors: amounts due after one year	17	6,408		6,162	
Debtors: amounts due within one year	18	19,036		21,631	
Investments	19	37,700		8,418	
Cash at bank and in hand		6,168		12,153	
		104,303		64,020	
Creditors: amounts falling due within one year	20	(63,711)		(43,621)	
<b>Net current assets</b>			40,593		20,399
<b>Total assets less current liabilities</b>			947,278		882,548
<b>Creditors: amounts falling due after more than one year</b>	21	754,688		705,931	
<b>Provisions for liabilities and charges</b>	24	1,293		2,790	
			755,982		708,721
<b>Capital and reserves</b>					
Revenue reserves	25	99,822		88,735	
Restricted reserves	26	368		197	
Designated reserves	27	45,926		45,119	
Negative goodwill	28	31,816		32,391	
Revaluation reserves	29	13,364		4,238	
Capital contribution	43	-		-	
<b>Total capital and reserves</b>			191,296		170,680
			947,278		879,401

The notes on pages 16 to 45 form an integral part of these financial statements.

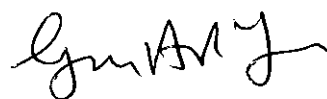
The financial statements on pages 12 to 45 were approved by the Board of Directors on 23 July 2003, and signed on its behalf by:



S L Cox OBE  
Group Chairman



D A Main  
Director



G A R Fordyce  
Company Secretary

**BALANCE SHEET**  
as at 31 March **2003**

		2003	2002
	Note	£	£
<b>Fixed assets</b>			
Investments	42	303	303
<b>Total assets less current liabilities</b>		<u>303</u>	<u>303</u>
<b>Capital and reserves</b>			
Capital contribution	43	<u>303</u>	<u>303</u>
<b>Total capital and reserves</b>		<u>303</u>	<u>303</u>

The notes on pages 16 to 45 form an integral part of these financial statements.

The financial statements on pages 12 to 45 were approved by the Board of Directors on 23 July 2003, and signed on its behalf by:

  
S L Cox OBE  
Group Chairman

  
D A Main  
Director

  
G A R Fordyce  
Company Secretary

**CONSOLIDATED CASHFLOW STATEMENT**  
For the year ended 31 March **2003**

		2003	2002
	Note	£'000	£'000
<b>Net cash inflow from operating activities</b>	31	57,200	53,135
<b>Returns on investments and servicing of finance</b>			
Interest received		1,931	1,682
Interest paid		(56,145)	(48,579)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(54,215)	(46,897)
<b>Taxation</b>			
Corporation tax reclaimed		407	(1,486)
<b>Capital expenditure and financial investment</b>			
Acquisition and construction of housing properties		(56,859)	(85,046)
Social housing and other capital grants received		16,695	34,142
Sales of housing properties		18,552	23,999
Sales of initial tranche of shared ownership properties		1,211	4,803
Grants repaid on sales of housing properties		(9,786)	(13,110)
Expenditure on other tangible fixed assets		(7,388)	(4,004)
Investments held in trust		(9,429)	(1,928)
Investments in third parties repaid		7,038	1,229
Sales of other tangible fixed assets		159	887
<b>Net cash outflow for capital expenditure and financial investments</b>		(39,807)	(39,028)
<b>Acquisitions and disposals</b>			
Cash acquired on acquisition		-	1,453
Overdraft acquired on acquisition		-	-
		-	1,453
<b>Net cash outflow before management of liquid resources and financing</b>		(36,415)	(32,823)
<b>Management of liquid resources</b>			
Decrease in short-term investments		(29,282)	6,855
<b>Financing</b>			
Loans redeemed		(8)	(5,189)
Loans received		83,955	54,730
Loan principal repaid		(23,482)	(19,098)
<b>Net cash inflow from financing</b>		60,465	30,443
<b>(Decrease)/increase in cash</b>	32	(5,232)	4,475



**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ending 31 March 2003

**1. PRINCIPAL ACCOUNTING POLICIES**

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

**Basis of accounting**

The financial statements are prepared under the historical cost convention and comply with the Companies Act 1985, Accounting Requirements for Registered Social Landlords General Determination 2000, and the SORP, published in November 2002.

**Recent Accounting Standards**

FRS17 replaced SSAP24 and has a phased implementation commencing 22 June 2001. The transitional implementation period has been extended and full adoption is now mandatory from 1 January 2005. The Association has adopted the transitional disclosure requirements within these statements.

The ASB has published the Operating and Financial Review (OFR) Statement which recommends disclosures in the OFR statement, and the Group has complied with these recommendations.

**Basis of Consolidation**

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

The bodies within the consolidation are:-

**Registered under the  
Industrial & Provident Societies Act 2002 :**

Bristol Churches Housing Association Limited  
Edinvar Housing Association Limited  
Kush Housing Association Limited  
New Leaf Supporting Independence Limited  
North British Housing Limited

**Registered under the  
Companies Act 1985:**

blueroom properties Limited  
Capital City Homes  
Edinvar Community Care Limited  
Edinvar Housing Trust Limited  
Edinvar Trust Limited  
Emblem Homes Limited  
Green Frame Limited  
JVCo Limited  
North British Housing Trust  
North British Landscapes Limited  
PfP Developments Limited  
Places for Children (PfP) Limited  
Practical Environment Limited  
Technotots (Holdings) Limited

**Registered under the  
Companies Act 1985:**

Westminster City Homes Limited  
  
blueroom investments Limited  
Bonusmill Limited

Independence and Responsibility Agreements exist between the Group parent and the subsidiaries, which are the basis of the group structure, and enable the Board of Directors to control the Group. All subsidiaries have coterminous year ends apart from Technotots (Holdings) Limited whose year end is 31 August 2002. New Leaf Supporting Independence Limited, North British Housing Trust, Bristol Churches Housing Association Limited, Kush Housing Association Limited, Edinvar Trust Limited and Edinvar Community Care Limited each have charitable status.

**Turnover**

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

**Revenue Grants**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ending 31 March 2003**

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Taxation and Deferred taxation**

The Group is liable to United Kingdom Corporation Tax.

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

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

**VAT**

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

**Pensions**

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

The cost of pensions to the Group is charged to the Income and Expenditure Account over the remaining service lives of employees.

**Housing land and properties**

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

**Depreciation of housing properties**

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

**Impairment**

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

**NOTES TO THE FINANCIAL STATEMENTS  
for the period ending 31 March 2003**

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Social Housing Grant and other capital grants**

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

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

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

**Capitalisation of interest and administrative costs**

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

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

**Other tangible fixed assets**

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

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

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

**Leasing and Hire Purchase**

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

**Improvements to property**

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

**Investments**

Investments in group subsidiaries and short term investments are shown at cost. The investments in gilts are shown at cost.

**Stock**

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

**Finance Issue Costs**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ending 31 March 2003

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Low Start Loans**

The Group has a number of low start loans where the principal outstanding increases during the year. The increase is recognised in the Income and Expenditure account in the accounting period in which it is charged to the loan account, unless there is a formal guarantee from a third party to finance any deficit arising. Where such a guarantee is in place, the interest deferred is shown in the deferred financing account.

**Discounted bonds**

Discounted bonds are shown at their redemption value less deferred interest. Deferred interest represents the discount on the issue of the discounted bonds, and is written off through the Income and Expenditure Account at a constant rate on the carrying amount of the debt.

**Assets leased to other bodies**

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

**Special Needs Housing managed by Voluntary Agents on behalf of the Group**

Because of the nature of the relationship between the Group and its managing agents, these financial statements exclude the financial performance of the projects managed by our agents. Information on the grant paid to them is provided in note 39.

**Leaseholder Service Charge Sinking Fund**

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

**Provisions**

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

**Restricted reserves**

The Group has reserves which are only expendable in accordance with the wishes of the funder. The transfers to/from restricted reserves are shown in the Income and Expenditure Account.

The Housing Corporation requires that the surplus, before major repairs expenditure, on properties developed between 1974 and 1989 is set aside by the Group. The Housing Corporation requires the Group to account for the value of this surplus in a Rent Surplus Fund (RSF). Regulations on the RSF require the Group to set aside previous surpluses generated, net of eligible major repairs expenditure, and 90% of future surpluses calculated to accrue to the fund, in a restricted reserve to finance future major repairs expenditure. A transfer from the restricted reserve is made when such expenditure occurs.

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

**Designated reserves**

The Group designates all those reserves which have been earmarked for a specific use. The transfers to/from designated reserves are shown in the Income and Expenditure Account.

Reserves have been earmarked based on management judgement, as follows:

- To finance planned increases in major repairs expenditure.
- To replace tenant service items at the end of their useful life.
- To finance costs arising from defects, litigation or liquidation on a property development.
- To generate annual investment income to finance the Robert Brotherton Award. This award enables the selected staff member to support a housing related project.

Places for People Group Limited

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ending 31 March 2003

**1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Revaluation reserve**

The revaluation reserve represents the increase in value of the investments in gilts, as these are marked to market annually, and the increase in value of the investment properties held by blueroom properties limited.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2003

2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2003			2002		
	Turnover	Cost of Sales	Operating costs	Operating surplus/(deficit)	Turnover	Cost of Sales
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Lettings Activities</b>						
Income and expenditure from social housing lettings (note 3)	152,091	-	(101,336)	50,755	140,170	-
Income and expenditure from non-social housing lettings	11,193	-	(5,545)	5,647	10,376	-
Total	163,284	-	(106,881)	56,402	150,547	-
<b>Other Social Housing Activities</b>						
Property Sales (Development for sale)	13,024	(13,126)	-	(101)	1,807	(1,718)
Leased schemes	1,258	-	-	1,258	1,572	-
Management services	549	-	(468)	81	449	(467)
Other	3,564	-	(4,764)	(1,199)	3,243	(1,827)
Total	18,395	(13,126)	(5,232)	38	7,071	(2,294)
<b>Other Non-social Housing Activities</b>						
Commercial properties	218	-	(108)	110	222	-
Other	15,339	(9,013)	(5,172)	1,153	6,701	(3,626)
Total	15,556	(9,013)	(5,281)	1,263	6,923	(3,626)
Total other activities	33,952	(22,139)	(10,511)	1,302	13,994	(5,344)
Total	197,236	(22,139)	(117,393)	57,704	164,540	(5,344)
Turnover						
	£'000					
Market Renting	9,327				8,574	
Student Accommodation	1,865				1,802	
Total turnover from non-social lettings activities (as above)	11,193				10,376	
Other (as above)	15,556				6,923	
Total	26,750				17,299	

Further Analysis of Turnover from Non-social housing activities

	£'000	Turnover
Market Renting	9,327	8,574
Student Accommodation	1,865	1,802
Total turnover from non-social lettings activities (as above)	11,193	10,376
Other (as above)	15,556	6,923
Total	26,750	17,299

The other turnover relating to Social Housing Activities includes a VAT recovery of £1.6m (2002: £2.4m).

The other operating costs relating to Social Housing Activities includes other administrative costs of £0.9m (2002: £1.3m), and a write-back of provision for losses on shared ownership developments of £Nil. (2002: a provision of £0.4m).

The surplus on operating costs relating to Non-Social Housing Activities includes landscaping £0.4m and the property sales in blueroom properties limited £2.0m. The property sales (development for sale) activities relate primarily to developments carried out for third parties which are carried out at cost.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

### 3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Needs Housing	Supported Housing	Temporary Social Housing	Key Worker Accommodation	Residential Care Homes	Shared Ownership	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from social housing lettings activities</b>								
Rent receivable net of service charges	112,005	4,380	825	-	1,568	5,074	473	124,325
Service charges receivable	12,274	6,015	6	-	603	494	303	19,696
Gross rents receivable	124,279	10,395	831	-	2,172	5,568	776	144,021
LESS: Rent losses from voids	(3,540)	(262)	(91)	-	(47)	(0)	-	(3,940)
Net rents receivable	120,739	10,133	740	-	2,125	5,568	776	140,081
Revenue grants from local authorities and other agencies	5,535	1,963	-	-	217	-	-	7,715
Revenue grants from the Housing Corporation	345	526	-	-	-	-	-	871
Revenue grants received for major repairs	-	-	-	-	-	-	-	-
Other income	(850)	1,535	-	-	2	99	2,638	3,424
Total Income	125,769	14,156	740	-	2,344	5,667	3,415	152,091
<b>Expenditure on social housing lettings activities</b>								
Services	(11,023)	(6,958)	(501)	-	(2,093)	(491)	(332)	(21,397)
Management	(19,817)	(1,875)	(153)	-	(281)	(1,087)	(577)	(23,790)
Routine Maintenance	(13,695)	(790)	(83)	-	(59)	(183)	(113)	(14,922)
Planned Maintenance	(13,894)	(719)	(51)	-	(242)	(766)	(640)	(16,313)
Rent losses from bad debts	(2,223)	(365)	-	-	(10)	(9)	(1)	(2,608)
Major repairs expenditure	(11,007)	(195)	-	-	(27)	-	(15)	(11,244)
Depreciation on housing assets	(4,828)	(209)	-	-	-	(270)	(1,357)	(6,665)
Property lease charges	-	-	-	-	-	-	-	-
Impairment of housing properties	(334)	-	-	-	-	-	-	(334)
Other costs	(2,067)	(1,919)	-	-	(13)	(64)	(1)	(4,064)
Total expenditure	(78,887)	(13,030)	(789)	-	(2,724)	(2,870)	(3,036)	(101,336)
Operating Surplus	46,882	1,126	(49)	-	(380)	2,797	379	50,755

## 2002

### Expenditure on social housing lettings activities

23



Places for People Group Limited

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2003

4. SALE OF HOUSING ACCOMMODATION

	Turnover	2003 Cost of Sales	Operating costs	Operating surplus/(deficit)	Turnover	2002 Cost of Sales	Operating Costs	Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Property Sales income and expenditure</b>								
Sale of housing accommodation	19,919	(14,989)	(745)	4,185	23,745	(21,155)	(1,023)	1,567
<b>Total</b>	<b>19,919</b>	<b>(14,989)</b>	<b>(745)</b>	<b>4,185</b>	<b>23,745</b>	<b>(21,155)</b>	<b>(1,023)</b>	<b>1,567</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**5. DIRECTORS EMOLUMENTS**

The Group is administered by a Board of Directors. The non-executive members received no remuneration during the year (2002:£Nil).

	2003	2002
	£	£
Expenses not chargeable to United Kingdom income tax reimbursed to directors	<u>54,000</u>	<u>83,969</u>

These amounts are not included in the disclosure below.

For the purpose of this note, directors are defined as the members of the Board of Directors and the Executive Directors of the Group (see page 3). They are responsible for the day to day management of the Group but their remuneration is paid by North British Housing Limited.

	2003	2002
	£	£
<b>Aggregate emoluments</b> (excluding pension contributions)	459,874	465,824
Compensation for loss of office	-	-

Retirement benefits are accruing to 5 directors under the Group's defined benefit scheme.

**Highest paid director:**

Aggregate emoluments (excluding pension contributions) include amounts paid to the Group Chief Executive

	2003	2002
	<u>162,189</u>	<u>155,523</u>

The Group Chief Executive is an ordinary member of the Group's pension scheme, and does not receive any enhanced or special terms or contributions to any individual pension arrangement.

**Defined benefit pension scheme:**

Accrued pension at end of year	37,159	35,278
Accrued lump sum at end of year	15,491	11,627

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

	2003	2002
	Number	Number
£NIL	10	11
£1 - £20,000	-	1
£20,001-£30,000	1	1
£30,001-£40,000	1	1
£40,001-£50,000	1	-
£50,001-£60,000	1	1
£60,001-£70,000	-	1
£70,001-£80,000	1	-

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

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**6. EMPLOYEE INFORMATION**

The average number of employees expressed as full time equivalents (including the Executive Directors) employed during the year was:

	2003	2002
Managing housing services	816	778
Developing and selling houses	57	79
Central administration services	183	191
Care services	544	456
	<u>1,600</u>	<u>1,504</u>

Staff costs (for the above persons)

	2003 £'000	2002 £'000
Wages and salaries	26,283	26,825
Severance costs	416	407
Social security costs	1,661	1,478
Other pension costs	2,532	1,905
	<u>30,892</u>	<u>30,615</u>

**Pension obligations**

The total pension cost for the Places for People Group Limited was £2,532,160 (2002:£1,904,647). This is related to three schemes of which employees are members; the North British Housing Association Ltd Retirement Benefits Scheme, the Social Housing Pension Scheme and The Scottish Federation of Housing Associations Retirement Death and Benefit Scheme.

**(i)North British Housing Limited**

**The North British Housing Association Ltd Retirement Benefits scheme.**

The North British Housing Association Limited Retirement Benefits Scheme is an independently administered pension scheme. It is a defined benefits scheme based on final pensionable salary. As at 31 March 2003 there were 1,293 employees participating in this scheme of which 1,271 are Group employees. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected accrued benefit method and is not materially different from that arising from the current employer's contribution rate. The level of funding by the Group is 14.2% of pensionable salary. These figures are based on a full actuarial valuation at 31 December 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the differences between the rate of return on investments and the rate of increase in salaries. It was assumed for the actuarial valuation that the rate of return on investments would be 8.0% per annum and that the general level of salaries would increase by 6.0% per annum. The market value of the scheme's assets was £44,930,000 at 31 December 2000, based on the valuation undertaken by the actuary. After allowing for expected future increases in earnings the actuarial value of these assets was sufficient to cover 87% of the benefits that had accrued to members. There was no deficiency within the scheme on the Statutory Minimum Funding Requirement as at the date of the last review.

**FRS17**

Under the transitional requirements of FRS17 the Association is required to disclose further information on the assets and liabilities on a market value basis at the end of the end of the accounting period. This valuations have been prepared by a qualified actuary.

The major assumptions used by the actuary were:

	2003	2002
Price inflation	2.50%	3.00%
Rate of increase in salaries	3.50%	4.00%
Rate of increase in pensions in payment	2.50%	3.00%
Discount Rate	5.40%	6.00%

The expected rates of return on assets are:

	2003		2002	
	Expected long term return	Value at 31 March	Expected long term return	Value at 31 March
		£'000		£'000
Equities	7.00%	23,458	7.00%	34,600
Bonds	5.00%	9,703	5.50%	6,200
Other	4.00%	891	4.00%	1,800
		<u>34,052</u>		<u>42,600</u>
Total Market of Assets		34,052		42,600
Present value of the scheme's liabilities		<u>69,894</u>		<u>60,400</u>
Deficit in the scheme		(35,842)		(17,800)
Related Tax asset @ 30%		<u>10,753</u>		<u>5,340</u>
Net Pension Liability		<u>(25,089)</u>		<u>(12,460)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2003**

**6. EMPLOYEE INFORMATION (Continued)**

Under the transitional arrangements of FRS17 no provision has been made in these financial statements for the deficit of the North British Housing Retirement Benefit Scheme. If provision were made the following entries would have been made in the financial statements:

**Balance Sheet presentation at 31 March 2003**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Net assets excluding FRS17 pension liability*	947,278	897,401
Net Pension liability	(25,089)	(12,460)
<b>Net Assets including FRS17 pension liability</b>	<b>922,189</b>	<b>884,941</b>

**Reserves note**

Capital and Reserves excluding FRS17 pension liability*	947,278	879,401
Pension Reserve	(25,089)	(12,460)
<b>Income and expenditure account excluding FRS17 pension liability</b>	<b>922,189</b>	<b>866,941</b>

**Analysis of amounts charged to operating surplus**

Current service costs	2,699	N/A
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**Amount charged to other finance income**

Expected return on assets	2,863	N/A
Interest on scheme liabilities	(3,661)	N/A
<b>Net charge</b>	<b>(798)</b>	<b>N/A</b>

**Amount recognised in Statement of Total Recognised Gains and Losses**

Actual less expected return on assets	(12,365)	N/A
Experience gains/(losses) on liabilities	78	N/A
Effect of change in assumptions on liabilities	(4,689)	N/A
<b>Total Gain /(loss) recognised in Statement of Total Recognised Gains and Losses</b>	<b>(16,976)</b>	<b>N/A</b>

**Movement in surplus/(deficit) during the year**

Surplus/(deficit) in scheme net of deferred tax asset at 1 April 2002	(12,460)	N/A
Current service cost (excluding members' contributions)	(2,699)	N/A
Cash Contribution (excluding members' costs)	2,431	N/A
Other Finance income	(798)	N/A
Actuarial gain/(loss)	(16,976)	N/A
Movement in deferred tax asset	5,413	
<b>Surplus/(deficit) in scheme at 31 March 2003</b>	<b>(25,089)</b>	<b>N/A</b>

**History of experience gains and losses**

	<b>£'000</b>	<b>% of assets</b>
Difference between expected and actual returns on scheme assets:	(12,365)	-36.30%
Experience gains on scheme liabilities	78	0.10%
<b>Total actuarial loss</b>	<b>(16,976)</b>	<b>-24.30%</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**6. EMPLOYEE INFORMATION - Pension obligations Continued**

**The Social Housing Pension Scheme**

The Group participates in the Social Housing Pension Scheme which is a member of the Pension Trust for Charities and Voluntary Organisations. It is a defined benefits final salary scheme, which is contracted out of the state pension scheme. Contributions to the scheme are based on applicable pension costs across the participating associations taken as a whole and are charged to the Income and Expenditure Account so as to spread the costs over the members' working lives. The contributions are determined by independent qualified actuaries on the basis of triennial valuations using the projected unit method. The latest full valuation of the scheme was as at 30 September 2002. The market value of the assets at the valuation date totalled £533million whereas liabilities were £650 million. The result of this valuation at September 2002 show a deficit in respect of service to the date of valuation of £117 million. Expressing assets as a percentage of post service liabilities, the funding level since the previous valuation has decreased from 93.6% to 85%. The SHPS pensions committee considers that the position is manageable and intends to consult with employers and members on adjustments to the contributions.

Due to the nature of the Scheme, it has not been possible to identify the Group's share of scheme assets and liabilities attributable to The Places for People Group Limited, and the charge to Income and Expenditure account for the period under FRS17 represents the Employer contribution payable.

The Financial Assumptions underlying the valuation were as follows:-

	2003	2002
Rate of Increase in Salaries	4.5% p.a.	4.0% p.a.
Price Inflation	2.5% p.a.	3.0% p.a.
Rate of increase of pensions in payment	2.5% p.a.	6.0% p.a.
Rate of Return on accumulated assets	5.4% p.a.	N/A
Rate of Return on future contributions.	6.6% p.a.	N/A

The accumulated assets of the Scheme were assumed to bear the same return as if they had been invested in a portfolio comprising 100% UK equities for non-pensioner liabilities and 50% UK equities/50% Index linked Gilts for pensioner liabilities.

**(ii) North British Landscapes Limited**

The total pension cost for North British Landscapes Limited was £73,592(2002:£63,477). At 31 March 2003 there were 51 employees of this company participating in The North British Housing Association Limited Retirement Benefits Scheme, as noted above, which is a defined benefit scheme based on final pensionable salary.

**(iii) Bristol Churches Housing Association Limited**

The total pension cost for Bristol Churches Housing Association Limited was £119,484 (2002:£98,000). At 31 March 2003 there were 14 employees of this company participating in The Social Housing Pension Scheme, and 70 employees of this company participating in The North British Housing Association Limited Retirement Benefits Scheme, as noted above, which are defined benefit schemes based on final pensionable salary.

**(iv) New Leaf Supporting Independence Limited**

The total pension cost for New Leaf Supporting Independence Limited was £397,913 (2002: £344,965). At 31 March 2003 there were 4 employees of this company participating in The Social Housing Pension Scheme, and 292 employees of this company participating in The North British Housing Association Limited Retirement Benefits Scheme, as noted above, which are defined benefit schemes based on final pensionable salary.

**(v) Edinvar Housing Group**

The total pension cost for Edinvar Housing Group was £139,787 (2002: £146,573). At 31 March 2003 there were 48 employees of the Group participating in The Scottish Federation of Housing Associations Retirement and Death Benefit Scheme, which is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. The last formal valuation was performed at 30 September 2000 by a professionally qualified actuary using the 'projected unit credit' method. The market value of the assets at the valuation date was £128.7million. Edinvar HA Ltd paid contributions at the rate of 12.2% during the year. Member contributions were 5% up to 31 March 2003 and increased to 6% from 1 April 2003. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employees. Due to the nature of the Scheme the income and expenditure account charge for the period under both SSAP 24 and FRS17 represents the employer contribution payable. The underlying financial assumptions for the valuation were a 6.6% rate of return on future contributions, a 5.2% return on accumulated assets, a 4.5% rate of salary increases, a 2.5% rate of pension increases (for leavers prior to 1 October 1993 5%), and a price inflation rate of 2.5%. The accumulated assets of the Scheme were assumed to bear the same return as if they had been invested in a portfolio comprising 100% UK equities/50% index-linked gilts for pensioner liabilities. The valuation revealed a shortfall of assets compared with the value of liabilities of some £24million (equivalent to a past service funding level of 84%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, was assessed as 9% of pensionable salaries. In view of the past shortfall most employers (including Edinvar HA Ltd) are required to contribute a rate of 12.2% of pensionable salaries in order to bring the value of assets and liabilities into balance. A small number of employers that have closed the Scheme to new members are required to contribute at the rate of 14.2% to reflect the higher costs of a closed arrangement. On the basis of the valuation assumptions this pattern of contributions will be sufficient to eliminate the past service deficit by 30 September 2016. The next valuation will be as at 30 September 2003 and the results will be available after June 2004.

**(vi) Kush Housing Association Limited**

Kush Housing Association Limited does not provide a company pension scheme.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2003	2002
	£'000	£'000
Other interest receivable from deposits	<u>1,936</u>	<u>1,680</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003	2002
	£'000	£'000
On bank loans and overdrafts:		
Repayable within 5 years	7,471	4,829
Repayable wholly or partly in more than 5 years	33,880	37,161
On other loans:		
Repayable within 5 years	2,228	1,367
Repayable wholly or partly in more than 5 years	<u>7,766</u>	<u>7,985</u>
	51,343	51,342
On discounted bonds:		
Interest paid	331	305
Amortisation of discount	86	77
	<u>51,760</u>	<u>51,724</u>
Less: Capitalised interest	<u>(1,348)</u>	<u>(786)</u>
	<u>50,413</u>	<u>50,938</u>

**9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2003	2002
	£'000	£'000
Surplus on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and Impairment:		
Tangible fixed assets	11,094	13,274
Amortisation of negative goodwill	575	202
Auditors' remuneration:		
In their capacity as auditors	103	93
In respect of other services	34	53
(Surplus) on disposal of tangible fixed assets other than housing properties	18	(73)
Payments under operating leases		
Office equipment	579	86
Housing properties		16

The auditors' remuneration in respect of other services includes special needs and low cost home ownership scheme audit fees and the audit of grants and returns (£11,150).

**10. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2003		2002	
	£'000	£'000	£'000	£'000
<b>(a) Analysis of charge in period</b>				
<b>Current Tax</b>				
United Kingdom corporation tax on profits of the period	1,743		3,603	
Adjustments in respect of prior periods	<u>9</u>	1,753	<u>(18)</u>	3,585
Group relief		(66)		-
Origination and reversal of timing differences		6		-
<b>Total current tax (note 10b)</b>		<u>1,692</u>		<u>3,585</u>

**(b) Factors affecting tax charge for period**

The tax assessed is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003	2002
Profit on ordinary activities before tax	13,478	8,568
(deduct non tax paying group members)	(9,672)	(2,583)
Taxable Group profit	3,806	5,985
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	1,142	1,795
Expenses not deductible for tax purposes	1,989	2,483
Group dividend not taxable	-	(60)
Capital allowances for period in excess of depreciation	(282)	156
Abortive Sale Costs	8	7
Other short term timing differences	(63)	(61)
Impairment/write off of investment in Greenframe	(12)	(105)
Capitalised interest allowed as incurred for tax purposes	-	-
Capital Gains covered by brought forward losses	(1,048)	(606)
Tax losses not recognised in deferred tax	36	25
Group relief - adjustment to reflect amounts paid	(82)	(31)
Gift aid payments	-	-
Differences in tax rates	-	-
Adjustments to tax charge in respect of prior periods	9	(18)
Fixed Assets ineligible profit on disposal	(4)	-
<b>Current tax charge for period (note 10a)</b>	<u>1,692</u>	<u>3,585</u>

**(c) Factors that may affect future tax charges**

A deferred tax liability of £215,932 exists in the Group, but it has not been recognised as it is not considered material.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**11. TANGIBLE FIXED ASSETS**

	Total Housing Properties (Note 12)	Total Other Fixed Assets (Note 13)	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2002	1,830,767	41,220	1,871,988
Reclassification of Assets	5,755	(154)	5,601
Transfer to Current Assets	(11,884)	-	(11,884)
Additions	79,250	7,388	86,638
Sales of initial tranche	(4,971)	-	(4,971)
Transfers to sales assets on disposal	(15,174)	(616)	(15,790)
<b>At 31 March 2003</b>	<b>1,883,744</b>	<b>47,838</b>	<b>1,931,581</b>
<b>Less : SHG and other capital grants</b>			
At 1 April 2002	(986,960)	-	(986,960)
Reclassification of assets	(5,755)	-	(5,755)
Sales of initial tranche	3,760	-	3,760
Transfer to current assets	8,514	-	8,514
Received during year	(19,909)	(3,436)	(23,345)
Disposals	8,998	-	8,998
Transfer to completed schemes	99	-	-
Transfer to long term debtors	194	-	194
<b>At 31 March 2003</b>	<b>(991,059)</b>	<b>(3,436)</b>	<b>(994,594)</b>
<b>Less: Depreciation</b>			
At 1 April 2002	(21,293)	(18,264)	(39,557)
Charge for year			
Depreciation	(7,547)	(3,213)	(10,760)
Impairment	(334)	-	(334)
Eliminated on disposals			
Depreciation	201	439	640
Impairment	606	-	606
<b>At 31 March 2003</b>	<b>(28,366)</b>	<b>(21,038)</b>	<b>(49,405)</b>
<b>Net book value at 31 March 2003</b>	<b>864,318</b>	<b>23,363</b>	<b>887,582</b>
Net book value at 31 March 2002	822,514	22,956	845,470

Included in Housing Properties are the investment properties owned by blueroom properties limited. These are shown at a valuation of £66.6m and their original cost was £53.7m.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**12. HOUSING PROPERTIES**

	Completed Housing Properties	LSE & Shared Ownership Housing Properties	Housing Properties in the course of Construction	LSE & Shared Ownership Properties in the course of Construction	Total Housing Properties
Cost	£'000	£'000	£'000	£'000	£'000
At 1 April 2002	1,652,086	91,989	79,468	7,224	1,830,767
Reclassification of Assets	5,691	64	-	-	5,755
Transfer to Current Assets	-	-	(11,884)	-	(11,884)
Additions	37,539	20	36,657	5,034	79,250
Sales of initial tranche	-	(4,971)	-	-	(4,971)
Transfer to completed schemes	79,469	10,326	(79,470)	(10,325)	-
Transfer to sales assets on disposal	(6,727)	(8,447)	-	-	(15,174)
<b>At 31 March 2003</b>	<b>1,768,058</b>	<b>88,981</b>	<b>24,772</b>	<b>1,932</b>	<b>1,883,744</b>
<b>Social housing grant</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2002	(869,377)	(57,832)	(20,585)	(1,385)	(949,178)
Sales of initial tranche	-	-	3,760	-	3,760
Reclassification of assets	(5,769)	14	-	-	(5,755)
Received during year	-	-	(16,712)	-	(16,712)
Transfer to completed schemes	(27,208)	(1,863)	27,209	(1,515)	(3,377)
Disposals	3,673	4,966	-	1,962	10,601
Transfer to long term debtors	194	-	-	-	194
<b>At 31 March 2003</b>	<b>(898,487)</b>	<b>(54,714)</b>	<b>(6,328)</b>	<b>(938)</b>	<b>(960,467)</b>
<b>Other capital grants</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2002	(26,755)	(80)	(10,897)	(50)	(37,783)
Transfer to Current Assets	-	-	8,431	83	8,514
Received during year	-	-	(1,588)	-	(1,588)
Transfer to completed schemes	(3,700)	33	3,605	(33)	(95)
Disposals	357	2	-	-	359
<b>At 31 March 2003</b>	<b>(30,099)</b>	<b>(46)</b>	<b>(448)</b>	<b>-</b>	<b>(30,593)</b>
<b>Total grants at 31 March 2003</b>	<b>(928,586)</b>	<b>(54,760)</b>	<b>(6,776)</b>	<b>(938)</b>	<b>(991,060)</b>
Total grants at 31 March 2002	(896,132)	(57,912)	(31,482)	(1,435)	(986,960)
<b>Depreciation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2002	(20,486)	(807)	-	-	(21,293)
Charge for year	-	-	-	-	-
Depreciation	(7,167)	(379)	-	-	(7,547)
Impairment	(334)	-	-	-	(334)
Eliminated on disposal	-	-	-	-	-
Depreciation	98	103	-	-	201
Impairment	606	-	-	-	607
<b>At 31 March 2003</b>	<b>(27,283)</b>	<b>(1,082)</b>	<b>-</b>	<b>-</b>	<b>(28,365)</b>
<b>Net book value at 31 March 2003</b>	<b>812,189,178</b>	<b>33,139,521</b>	<b>17,995,318</b>	<b>993,875</b>	<b>864,318,892</b>
Net book value at 31 March 2002	735,467,852	33,270,466	47,986,411	5,789,499	822,514,228

LSE denotes Leasehold Schemes for the Elderly.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2003**

**12. HOUSING PROPERTIES (Continued)**

	2003	2002
	£'000	£'000
Housing properties comprise:		
Freehold	1,600,688	1,552,815
Long leasehold	<u>283,056</u>	<u>277,952</u>
	<u>1,883,744</u>	<u>1,830,767</u>
Total accumulated SHG received and receivable at 31 March	2003	2002
	£'000	£'000
Revenue grants	6,119	16
Capital grants	<u>960,467</u>	<u>904,292</u>
	<u>966,586</u>	<u>904,308</u>

SHG is only repayable on the sale of the property to which it relates.

Property costs include an apportionment of staff time directly spent on the administration of development activities £1,878,160 (2002: £2,078,937).

Additions to housing properties in the course of construction during the year included capitalised interest of £1,347,592 (2002: £785,868).

**13. OTHER FIXED ASSETS**

	Motor Vehicles	Furniture and Equipment	Freehold Offices	Office Properties Long Leasehold	Short Leasehold	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2002	2,494	17,164	19,295	1,709	558	41,220
Reclassification of assets	-	(154)	-	-	-	(154)
Additions	523	2,881	3,417	566	-	7,388
Disposals	(491)	(110)	-	-	(15)	(616)
<b>At 31 March 2003</b>	<u>2,526</u>	<u>19,781</u>	<u>22,712</u>	<u>2,275</u>	<u>543</u>	<u>47,838</u>
<b>Government Grants</b>						
At 1 April 2002						
Additions	-	-	(3,436)	-	-	(3,436)
<b>At 31 March 2003</b>	<u>-</u>	<u>-</u>	<u>(3,436)</u>	<u>-</u>	<u>-</u>	<u>(3,436)</u>
<b>Less: Depreciation</b>						
At 1 April 2002	(1,368)	(10,117)	(5,387)	(1,111)	(281)	(18,264)
Reclassification of assets	-	154	-	-	-	-
Charge for year						
Depreciation	(423)	(2,317)	(354)	(82)	(38)	(3,213)
Impairment						
Eliminated on disposal						
Depreciation	360	70	-	-	10	439
Impairment	-	-	-	-	-	-
<b>At 31 March 2003</b>	<u>(1,431)</u>	<u>(12,210)</u>	<u>(5,740)</u>	<u>(1,193)</u>	<u>(310)</u>	<u>(21,038)</u>
<b>Net book value at 31 March 2003</b>	<u>1,095</u>	<u>7,570</u>	<u>13,535</u>	<u>1,083</u>	<u>233</u>	<u>23,363</u>
<b>Net book value at 31 March 2002</b>	<u>1,126</u>	<u>7,047</u>	<u>13,908</u>	<u>598</u>	<u>277</u>	<u>22,956</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**14. FIXED ASSETS - INVESTMENTS**

	2003 £	2002 £
Cost at 1 April	16,240,173	15,547,078
Additions in year	9,428,178	1,927,607
Repayments in year	(7,038,000)	(1,228,512)
Cost at 31 March	18,630,352	16,246,173
Revaluation surplus (Note 29)	(33,000)	(6,000)
Valuation at 31 March	18,597,352	16,240,173
External loans and cash deposits	18,597,329	16,240,150
Other shares	23	23
	18,597,352	16,240,173

The external loans and cash deposits are as follows:-

Funds from the European Coal and Steel Community which are lent on by North British Housing Association to local authorities for the benefit of workers in the coal and steel industries.

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

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

The Grace Gillett Trust represents £13,000 cash deposits and share capital valued at £120,000 held by the Group from a bequest to support a particular scheme. The cash deposits are held in a separate bank account.

There is £75,519 held in a separate fund in trust for Emblem Homes Ltd to safeguard warranties against new homes.

**Consolidated investments are analysed as follows:**

	2003		2002	
	Loans & Cash Deposit £	Share Capital £	Total £	Total £
<u>External investments</u>				
Spitalfields Cloisters Management Company Ltd	-	23	23	23
Technotots (Holdings) Ltd	-	-	-	100,000
Sinking Fund Account 7% Debenture Stock 2009	1,111,895	-	1,111,895	860,779
Debt Service Reserve £80 million loan	5,885,056	-	5,885,056	5,672,840
Debt Service Reserve 6.625% Eurobond 2038	10,117,815	-	10,117,815	9,391,704
Local Authority	47,727	-	47,727	47,827
Grace Gillett Trust	133,000	-	133,000	167,000
Debt Service Reserve Abbey National blueroom	1,226,317	-	1,226,317	-
Emblem Warranty Reserve	75,519	-	75,519	-
	18,597,329	23	18,597,352	16,240,173

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

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**15. INVESTMENTS IN JOINT VENTURES**

	2003	2002
	£'000	£'000
<b>Share of assets</b>		
Share of fixed assets	670	740
Share of current assets	468	417
	<u>1,138</u>	<u>1,157</u>
<b>Share of liabilities</b>		
Liabilities due within one year or less	(393)	(357)
Liabilities due after more than one year	(240)	(361)
	<u>(633)</u>	<u>(718)</u>
<b>Share of net assets</b>	<u>505</u>	<u>439</u>
<b>Share of operating surplus/(deficit) during the year</b>	<u>66</u>	<u>(91)</u>

**16. STOCK**

	2003	2002
	£'000	£'000
Housing properties for sale	20,835	10,042
Stock of land for future development	14,152	5,526
Landscape stock	5	5
Timber frame stock	-	83
	<u>34,992</u>	<u>15,656</u>

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

**17. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

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

	2003	2002
	£'000	£'000
Agency leases	<u>6,408</u>	<u>6,162</u>

**18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003	2002
	£'000	£'000
Amounts falling due within one year:		
Rental debtors	9,743	11,712
Less: Provision for bad and doubtful debts	<u>(3,753)</u>	<u>(4,526)</u>
	5,988	7,186
Other trade debtors	7,157	6,046
Sundry debtors, prepayments and accrued income	5,637	8,182
Loans to employees	254	217
	<u>19,036</u>	<u>21,631</u>

**19. CURRENT ASSET INVESTMENTS**

	2003	2002
	£'000	£'000
Bank deposits repayable within:-		
one month	26,029	8,418
between two and three months	11,671	-
	<u>37,700</u>	<u>8,418</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003	2002
	£'000	£'000
Bank loans and overdrafts	-	753
Housing Loans principal payable within one year	15,525	2,449
Interest on Housing Loans	5,239	9,623
Trade creditors	3,039	4,318
Other creditors and accruals	25,891	16,057
Payments received on account	9,866	10,421
Prepaid rent	4,151	3,147
	<u>63,711</u>	<u>46,768</u>

The average number of days between receipt and payment of purchase invoices during the year is 36.2 days (2002: 37 days ).

**21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2003	2002
	£'000	£'000
<u>Debt</u>		
Debtenture stocks/bonds	226,686	226,652
Discounted Bonds (Note 23)	3,487	3,401
Housing and bank loans	537,987	476,719
Deferred financing (Note 22)	<u>(7,138)</u>	<u>(6,303)</u>
	761,022	700,469
<u>Other financial liabilities</u>		
Obligations under finance leases	286	181
Recycling capital grant funds	8,862	7,725
Disposal Proceeds Fund	<u>44</u>	<u>5</u>
	770,214	708,380
Less : payable within one year	<u>(15,525)</u>	<u>(2,449)</u>
	<u>754,688</u>	<u>705,931</u>

The total value of the loans subject to a guarantee is £124,230,013 (2002: £122,300,938). These guarantees are provided by Financial Security Assurance, by the London Borough of Camden, Citylife, and Bath City Council.

All loans are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest, from 4.336% - 15.875%, in instalments.

Included within Housing and bank loans is the figure £6,336,808 (2002: £6,177,404) which relates to the cost of debt issue.

**Analysis of debt and other financial liabilities**

These are repayable as follows:-

	2003	2002
	£'000	£'000
In one year or less	15,525	2,449
In one year or more but less than two years	6,402	3,993
In two years or more but less than five years	108,306	101,638
In more than five years		
By instalments	544,761	424,321
Not by instalments	<u>95,220</u>	<u>175,979</u>
	<u>770,214</u>	<u>708,380</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**22. DEFERRED FINANCING COSTS**

	2003	2002
	£'000	£'000
At 1 April	6,303	5,958
Mortgage interest	1,613	1,117
Transfer to income and expenditure account	(778)	(772)
At 31 March	<u>7,138</u>	<u>6,303</u>

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

**23. ANALYSIS OF DISCOUNTED BONDS**

	2003	2002
	£'000	£'000
Discounted bonds Issued:		
7% Debenture Stock 2009	4,350	4,350
In Issue at 31 March	<u>4,350</u>	<u>4,350</u>
Less: Deferred interest		
Deferred at 1st April	949	1,025
Transfer to income and expenditure account	(86)	(76)
Deferred at 31 March	<u>863</u>	<u>949</u>
Net value at 31 March	<u>3,487</u>	<u>3,401</u>

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

**24. PROVISIONS FOR LIABILITIES AND CHARGES**

	As at 1 April 2002	Increase in Provision	Expenditure in year	As at 31 March 2003
	£'000	£'000	£'000	£'000
Committed maintenance costs	2,671	-	(2,289)	382
Provision for Deferred Taxation	-	44	-	44
Provision for restructuring costs	119	1,198	(449)	868
	<u>2,790</u>	<u>1,241</u>	<u>(2,738)</u>	<u>1,293</u>

The committed maintenance costs relate to work contracted and partially completed at the year end on rented accommodation and special projects. They represent a legal liability to the Group.

The provision for restructuring costs relates to the lease costs of offices no longer used and costs of severance to which the Group is committed.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**25. REVENUE RESERVES**

	2003	2002
	£'000	£'000
At 1 April	88,735	84,406
Surplus for the year before designations	11,786	4,980
Transfers from designated reserves	(807)	(602)
Transfers from restricted reserves	(171)	(49)
Transfers to revaluation reserves	279	-
At 31 March	<u>99,822</u>	<u>88,735</u>

**26. RESTRICTED RESERVES**

	At 1 April	Transfer to Income & Expenditure	Transfer from Income & Expenditure	At 31 March
	£'000	£'000	£'000	£'000
2002/03				
Rent surplus fund - major repairs	186	-	210	396
Grace Gillett Legacy	11	(39)	-	(28)
	<u>197</u>	<u>(39)</u>	<u>210</u>	<u>368</u>
2001/02				
Rent surplus fund- major repairs	134	(5,783)	5,835	186
Grace Gillett Legacy	14	-	(3)	11
	<u>148</u>	<u>(5,783)</u>	<u>5,832</u>	<u>197</u>

The surplus income calculated as part of the Rent Surplus Fund (RSF) return, in the manner determined under section 55(3) of the Housing Act 1988 amounted to £ nil (2002:£6,484,557).

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

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**27. DESIGNATED RESERVES**

	At 1 April	Transfer to Income & Expenditure	Transfer from Income & Expenditure	At 31 March
	£'000	£'000	£'000	£'000
2002/03				
Major repairs	34,344	(186)	-	34,158
Tenants services capital assets	9,525	(472)	1,106	10,160
Defects, litigation and liquidation	1,200	(29)	387	1,559
Robert Brotherton Award	50	-	-	50
	<u>45,119</u>	<u>(687)</u>	<u>1,494</u>	<u>45,926</u>
2001/02				
Major repairs	34,136	(7,025)	7,233	34,344
Tenants services capital assets	9,131	(268)	662	9,525
Defects, litigation and liquidation	1,200	-	-	1,200
Robert Brotherton Award	50	-	-	50
	<u>44,517</u>	<u>(7,293)</u>	<u>7,895</u>	<u>45,119</u>

**28. ACQUISITIONS**

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

Date of Acquisition	Company	At 1 April	Goodwill Arising in Year Negative/(Positive)	Amortised in the Year	At 31 March
		£'000	£'000	£'000	£'000
1 October 1999	Bristol Churches HA. Limited	15,490	-	(335)	15,155
4 July 2001	Edinvar Housing Association Limited	8,881	-	(114)	8,767
4 July 2001	Edinvar Community Care Limited	371	-	(40)	331
4 July 2001	Kush Housing Association Limited	7,649	-	(86)	7,563
		<u>32,391</u>	<u>-</u>	<u>(575)</u>	<u>31,816</u>

**29. REVALUATION RESERVES**

	Investment Properties	Listed Investments	Total	Total
	2003	2003	2003	2002
	£'000	£'000	£'000	£'000
At 1 April	4,246	(8)	4,238	1,745
Revaluation surplus	9,118	8	9,126	2,493
At 31 March	<u>13,364</u>	<u>-</u>	<u>13,364</u>	<u>4,238</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

## 30. FINANCIAL INSTRUMENTS

The Group's borrowings increased from £700 million to £758 million (net of provisions/RCGF) during the year. The ratio of net loans to tangible assets at cost, after adjusting for the direct costs of fund raising was 37.4% (2002: 37.0%) which is within the strategy target maximum of 50%. The Group's policy is to retain minimal cash whilst ensuring that sufficient loan facilities are available and immediately accessible to finance a minimum 1 years cashflow. Cash projections cover a 3 year period to continuously monitor future borrowing requirements. The borrowing strategy is to aim over time to contain interest rate risk to within 25% of the loan book, with the Board exercising a strict control over derivative transactions (currently 56% (2002: 60%) of debt is at fixed rates of interest, whilst a further 9% (2002: 14%) is hedged against adverse rate movements). The Group's investment activity is governed by strict counterparty credit criteria and investment limits, the primary objective being the preservation of capital, as opposed to maximisation of returns.

### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all the following disclosures as allowable under FRS13.

### Fair values of financial assets

The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial assets at 31 March 2003.

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available market rates have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cashflows at prevailing interest rates.

	2003		2002	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Fixed asset investments	18,597	18,597	16,240	16,240
Current asset investments	37,700	37,700	8,418	8,418
Cash at bank and in hand	6,168	6,168	12,153	12,153
Long term debtors	6,408	6,408	6,162	6,162
Hedging instrument	-	(3)	-	-
	<u>68,873</u>	<u>68,869</u>	<u>42,973</u>	<u>42,973</u>

The Group has interest rate collar and swap transactions which hedge its exposure to interest rate movements on debt of £72 million (2002: £100 million). At 31 March 2003 the instruments were marked-to-market at a cost of £3,297,837 (2002: £1,233,681), reflecting potential losses receivable were the Group to unwind the position.

### Financial Assets

The fixed asset investments exist because the Group is required to maintain a minimum investment against its £100 million 6.625% Eurobond which equates to one year's payment of interest and principal. This investment is held in managed gilt funds charged in favour of the bond Trustees as security for payments pursuant to the Trust Deed. A further debt service reserve is held in cash deposits with Abbey National Treasury Services as security against a loan of £80 million.

In addition to this the Group is required to make annual payments into a sinking fund pursuant to a loan with THFC which matures in 2009. The fund is held in trust in favour of THFC and is also invested in gilts.

### Interest rate risk profile of financial assets

	2003	2002
	£'000	£'000
Fixed Rate	11,230	10,253
Floating Rate	<u>57,643</u>	<u>32,720</u>
At 31 March	<u>68,873</u>	<u>42,973</u>

The fixed rate financial assets represent sterling denominated investments in UK treasury gilts. The weighted average interest rate on these investments is 4.82 %. The floating rate financial assets comprise sterling denominated deposits that bear interest rates based on overnight to three months LIBOR.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

## 30. FINANCIAL INSTRUMENTS (Continued)

## Fair values of financial liabilities

The following table provides a comparison by category of the carrying amounts and the fair values of the Group's financial liabilities at 31 March 2003. The fair values have been calculated in accordance with FRS13, and show the notional effect of marking fixed rate debt to the market rates of tradeable debt instruments at 31 March 2003.

	2003		2002	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
10.125% Debenture stock 2018	19,000	28,092	19,000	26,446
8.625% Debenture stock 2016-2020	105,000	145,687	105,000	132,408
6.625% Eurobond 2038	100,000	116,385	100,000	103,327
Housing loans	539,069	584,962	477,766	460,783
Non Housing loans	1,605	1,605	1,605	1,605
Discounted Bonds (THFC 2008)	3,487	3,487	3,401	3,401
Recycling capital grant funds	8,862	8,862	7,725	7,725
Disposal Proceeds Fund	44	44	5	5
Obligations under Finance Leases	286	286	181	181
Provisions	1,293	1,293	2,790	2,790
	<u>778,646</u>	<u>890,702</u>	<u>717,473</u>	<u>738,671</u>
Deferred financing	<u>(7,138)</u>	<u>(7,138)</u>	<u>(6,303)</u>	<u>(6,303)</u>
	<u>771,508</u>	<u>883,563</u>	<u>711,170</u>	<u>732,368</u>

## Interest rate risk profile of financial liabilities

	2003	2002
	£'000	£'000
Floating Rate	323,446	271,173
Fixed Rate	427,600	418,800
Index-Linked Rate	27,600	27,500
	<u>778,646</u>	<u>717,473</u>

The weighted average period for which interest rates were fixed was 24.3 years, and the weighted average fixed interest rate was 8.22%. Of the fixed rate debt £3.8 million requires refinancing between 2003 and 2008. The floating rate financial liabilities comprise sterling denominated bank borrowings and overdrafts that bear interest rates based on one to twelve months LIBOR.

## Borrowing Facilities

As at 31 March 2003, the Group had undrawn committed borrowing facilities expiring as follows:-

	2003	2002
	£'000	£'000
In one year or less, or on demand	3,700	3,600
In more than one year but not more than two years	-	10,000
In more than two years	<u>105,000</u>	<u>82,200</u>
	<u>108,700</u>	<u>95,800</u>

Of the undrawn committed borrowing facilities, £80.1 million (2002: £71.5 million) requires fixed charge security to be placed with lenders, all other facilities are immediately accessible.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2003

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

	2003	2002
	£'000	£'000
Operating surplus for the year before interest and taxation	57,704	56,347
Depreciation and impairment	11,096	12,992
Provisions - charge	(749)	1,401
Provisions - expenses	(747)	(1,844)
(Profit) on sale of other fixed assets	18	(73)
(Increase) in stock and work in progress	(18,803)	(8,712)
Decrease/(increase) in debtors	2,599	(4,667)
Decrease/(increase) in long term debtors	(440)	(691)
Increase in creditors	7,097	655
SHG abated	-	(2,133)
Amortisation of negative goodwill	(574)	(140)
Net cash inflow from operating activities	<u>57,200</u>	<u>53,135</u>

32. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	2003	2002
	£'000	£'000
(Decrease)/increase in cash in the period	(5,232)	4,475
Cash (inflow) from net increase in debt	(60,552)	(30,443)
Cash (inflow) from net increase in debt on acquisitions	-	(27,914)
Cash (inflow)/outflow from change in liquid resources	<u>29,282</u>	<u>(6,855)</u>
Change in net debt resulting from cashflows	<u>(36,502)</u>	<u>(60,737)</u>
Amortisation of discount	-	(76)
	<u>(36,502)</u>	<u>(60,813)</u>
Opening net debt	<u>(680,652)</u>	<u>(619,839)</u>
Closing net debt	<u>(717,154)</u>	<u>(680,652)</u>

33. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April	Cashflows	Other changes	On Acquisitions	At 31 March
	£'000	£'000	£'000	£'000	£'000
2002/03					
Cash at bank and in hand	12,153	(5,985)	-	-	6,168
Overdrafts	<u>(753)</u>	<u>752</u>	<u>-</u>	<u>-</u>	<u>-</u>
	11,400	(5,233)	-	-	6,168
Debt due within 1 year	(2,449)	(13,076)	-	-	(15,525)
Debt due after 1 year	<u>(698,021)</u>	<u>(47,477)</u>	<u>-</u>	<u>-</u>	<u>(745,498)</u>
Current asset investments	8,418	29,282	-	-	37,700
Total	<u>(680,652)</u>	<u>(36,502)</u>	<u>-</u>	<u>-</u>	<u>(717,155)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2003

**34. CAPITAL COMMITMENTS**

	2003	2002
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>96,082</u>	<u>37,878</u>

Capital expenditure that has been authorised by the Board of Directors but has not yet been contracted for	<u>61,688</u>	<u>80,280</u>
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The Group has the necessary financing in place to meet these commitments.

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

	Housing	Office Equipment	Housing	Office Equipment
	2003	2003	2002	2002
	£'000	£'000	£'000	£'000
In one year or less	-	95	-	102
Between one and two years	16	93	-	96
Between two and five years	-	93	16	205
In five years or more	-	-	57	-
	<u>16</u>	<u>281</u>	<u>73</u>	<u>403</u>

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

**35. CONTINGENT LIABILITIES**

As at 31 March 2003, NBH had a contingent liability totalling £1,000,000 (2002: £1,000,000) in respect of its entire holding of 8 3/4% Treasury stock 2017. The stock is held by the Trustee for Funding for Homes Limited, subject to certain rights, and could be sold should a fellow group borrower fail to service the interest or repay the stock.

The Group is party to certain legal actions arising in the ordinary course of business. While the outcome of these cases is uncertain, the directors believe, on the basis of advice received, that no material loss to the Group will occur.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**36. HOUSING STOCK**

	2003	2002
<b>Accommodation in management</b>		
<b>Social Housing</b>		
General Needs Housing	41,013	41,062
Supported Housing	1,693	1,914
Shared Ownership	4,128	4,180
Managed for others	2,083	1,542
	<u>48,917</u>	<u>48,698</u>
<b>Non-social Housing</b>		
Market Renting	1,606	1,505
Student Accommodation	451	451
	<u>2,057</u>	<u>1,956</u>
	<u>50,974</u>	<u>50,654</u>
<b>Accommodation owned but managed by others</b>		
Social Housing	1,582	1,741
Non-social Housing	597	260
<b>Total</b>	<u>53,153</u>	<u>52,655</u>

Details of the amount payable to third parties in respect of Supported Housing Management Grant are given in note 39.

**37. AVERAGE ASSURED TENANCY RENT FOR GENERAL NEEDS ACCOMMODATION FUNDED BY SOCIAL HOUSING GRANT**

	<b>Group</b>	
	2003	2002
	£	£
Average assured tenancy rent	<u>55.72</u>	<u>54.15</u>
	%	%
Percentage increase in assured tenancy rent	<u>2.90</u>	<u>4.68</u>

**38. ANALYSIS OF HOUSING ACCOMMODATION SERVICE CHARGES ELIGIBLE FOR HOUSING BENEFIT**

	2003	2002
The average weekly housing accommodation service charge eligible for housing benefit	£4.18	£3.54
Percentage eligible for housing benefit	70.91%	80.09%
The average weekly housing accommodation service charge not eligible for housing benefit	£2.98	£0.88
Percentage not eligible for housing benefit	29.09%	19.91%

**NOTES TO THE FINANCIAL STATEMENTS**  
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**39. AMOUNTS PAYABLE IN RESPECT OF SUPPORTED HOUSING MANAGEMENT GRANT**

Under the Registered Social Landlords Accounting Requirements General Determination 2000, the Group is required to disclose details of amounts received in respect of Supported Housing Management Grant from the Housing Corporation, which have been passed on to third parties.

	2003	2002
	£	£
Supported Housing Management Grant payable in respect of accommodation managed by third parties:	3,346	3,068
Total number of units	1,203	1,136

**40. RELATED PARTY TRANSACTIONS**

Two tenants served on the Board of Places for People Group Limited during the year. Their tenancies are on normal commercial terms, and they cannot use their position to their advantage.

**41. DISCLOSURE OF GROUP ACTIVITY**

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

	Subsidiaries of Places For People Group Limited	Related Companies of JVCo Limited	Housing Associations registered with the Housing Corporation/ Communities Scotland	Bodies incorporated under the Industrial & Provident Societies Act 1965	Companies incorporated under the Companies Act 1985
blueroom investments limited	D				
blueroom properties limited	*				*
Bonusmill Limited	D				
Bristol Churches Housing Association Limited	*		*	*	
Capital City Homes	*		*Scotland		*
Edinvar Community Care Limited	I				*
Edinvar Housing Association Limited	*		*Scotland	*	
Edinvar Housing Trust Limited	I				*
Edinvar Trust Ltd	I				T
Emblem Homes Limited	*				*
Green Frame Limited		See note			*
JVCo Limited	*				*
Kush Housing Association Limited	*		*	*	
New Leaf Supporting Independence Limited	*		*	*	
North British Housing Limited	*		*	*	
North British Housing Trust	*				*
North British Landscapes Limited		S			*
PfP Developments Limited	*				*
Places for Children ( PfP ) Limited		S			*
Practical Environments Limited		J			*
Technotots (Holdings) Limited		J			*
Westminster City Homes Limited		J			*

"S" denotes a wholly owned subsidiary; "J" denotes a 50% joint venture

All group bodies are incorporated in England and Wales or Scotland

"I" denotes an indirect subsidiary - these entities are wholly owned subsidiaries of Edinvar Housing Association Ltd

Green Frame became a wholly owned subsidiary on 2 July 2001, having previously been a joint venture

"T" denotes an entity constituted by a Trust deed

"D" denotes dormant during the financial period to 31 March 2003

Places for People Group Limited

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2003

42. FIXED ASSETS - INVESTMENTS OF PLACES FOR PEOPLE GROUP LIMITED

	2003	2002
	£	£
Cost at 1 April	303	303
Additions in year	-	-
At 31 March	<u>303</u>	<u>303</u>

43. CAPITAL CONTRIBUTION OF PLACES FOR PEOPLE GROUP LIMITED

	2003	2002
	£	£
Capital Contribution	<u>303</u>	<u>303</u>

This represents a capital contribution from Places for People Group Limited for a fixed asset investment of:

100 shares in JVCo Limited  
100 shares in Emblem Limited  
100 shares in PfP Developments Limited  
1 share in blueroom investments limited  
1 share in Kingdomwide Limited  
1 share in North British Housing Group Limited

The last three companies are dormant and the last two were struck off the Companies House Register in June 2003.