
**ORIGIN HOUSING GROUP
LIMITED**

ANNUAL ACCOUNTS

◆ *Year ended 31 March 2009* ◆

CONTENTS	PAGE
BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS	1
REPORT OF THE BOARD	2
OPERATING AND FINANCIAL REVIEW	6
TABLE 1 – FIVE-YEAR SUMMARY	11
STATEMENT OF RESPONSIBILITIES OF THE BOARD	12
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGIN HOUSING GROUP LIMITED	13
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT	14
ASSOCIATION INCOME AND EXPENDITURE ACCOUNT	15
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS	16
RECONCILIATION OF MOVEMENTS IN GROUP'S AND ASSOCIATION'S FUNDS	16
CONSOLIDATED BALANCE SHEET	17
ASSOCIATION BALANCE SHEET	18
CONSOLIDATED CASH FLOW STATEMENT	19
NOTES TO THE FINANCIAL STATEMENTS	20

BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS**Board Members**

Chairman	John Beha
Vice Chairman	Mike De'Ath
Other Members	Stephen Hargrave Sudhin Chatterji Katie Bosdet (appointed July 2008) Richard Mais (appointed July 2008) Colin Sherriff (appointed March 2009) Andrew Potter (Griffin nominee) David Fryman (OPL nominee) Alison Lowton (SPH nominee appointed September 2008) Paul Dack (SPH nominee appointed September 2008)
Chair of Audit Risk & Scrutiny Committee	Richard Mais
Chair of Group Remuneration, Selection & Nominations Committee	Stephen Hargrave
Resigned during the year	Shirley Demosthenous (resigned April 2008) Jane Ramsey (SPH Housing nominee resigned June 2008) Mustafa Ibrahim (SPH Housing nominee resigned September 2008)

Executive Directors

Group Chief Executive	Karen Wilson
Group Finance & ICS Director	Chris Trebilcock
Group Director of Development	Gareth Jones
Group Director of Human Resources & Communication	Tracy Webb (maternity leave from December 2008)
Chief Executive, Griffin Homes	Eispeth Mackenzie (resigned December 2008)
SPH Housing Services Director	Kate Farley
SPH Care & Support Services Director	Cathy McCarthy

Registered office

St Richards House
110 Eversholt Street
London NW1 1BS

Registered number

Registered as a non-charitable social landlord under the Industrial and Provident Societies Acts, No: 24898R

Registered by the Tenant Services Authority, No SL3596

Auditors

BDO Stoy Hayward LLP
Emerald House
East Street
Epsom, Surrey
KT17 1HS

Internal Auditors

Mazars LLP
The Atrium
Park Street West
Luton
Bedfordshire LU1 3BE

Principal Solicitors

Trowers & Hamlins
Sceptre Court, 40 Tower Hill, London, EC3N 4DX

Batchelors Solicitors
Charles House, 35 Widmore Road, Bromley, Kent BR1 1RW

Bankers

Royal Bank of Scotland
189-191 Camden High Street
London NW1 7BP

REPORT OF THE BOARD

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2009.

Principal activities

Origin Housing Group Limited ('the Association') is a non charitable registered provider of social housing administered by a voluntary board. The Association's principal activities are to act as the holding company and the provision of administration and support services to subsidiaries. Origin Housing Group ('the Group') consists of the Association and the subsidiaries listed in note 15, 'Investment in subsidiaries', to the financial statements. The activities of the Group are detailed in the Operating and Financial Review on pages 6 to 10 of the financial statements.

Business review

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

Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority as a social landlord.

Housing property assets

Details of changes to the Group's housing property assets are shown in note 12 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Reserves

After transfer of the surplus for the year of £1.4 million (2008: £1.9 million - restated), at the year-end Group reserves amounted to £63.9 million (2008: £70.4 million - restated).

Donations

The Group did not make any donations during this or the previous financial year.

Payment of creditors

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Financial instruments

The Group's approach to financial risk management is outlined in the Operating and Financial Review.

Employees

The strength of the Group lies in the quality of all its employees. In particular, our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on their contribution.

The Group shares information on its objectives, progress and activities through regular office and departmental meetings involving board members, the senior management team and staff.

We are committed to equal opportunities and in particular we support the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Board members and executive directors

The present board members and the executive directors of the Group together with changes that have occurred during the year are set out on page 1. The board members are drawn from a wide background bringing together professional, commercial and local experience.

Group insurance policies indemnify board members and officers against liability when acting for the Group.

Service contracts

The chief executive is appointed on a permanent contract on 6 months notice. The other executive directors are employed on 3 months notice. Details of the executive directors' remuneration packages are included in note 10 to the audited financial statements.

Pensions

The executive directors and other senior staff are members of the Social Housing Pension Scheme defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other eligible staff. The Association contributes to the scheme on behalf of its employees. The details of the scheme are explained in note 9 to the accounts.

REPORT OF THE BOARD (CONTINUED)**NHF Code of Governance**

The Group complies with the principal recommendations of the NHF Code of Governance (revised 2004). The NHF's 2009 Corporate Governance Guidance is acknowledged and will be considered by the Board during 2009/10. There is one key governance-related matter to highlight this year, as follows:

- The audit committee has agreed a protocol, with the external auditors, which sets out policies for determining what non-audit work can be undertaken by the external auditors and procedures for periodic review and selection of external auditors. The level of fees paid for this work is set out in note 5 to the financial statements.

Tenant involvement

The Group encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement. The Association has two tenant board members and clear reporting arrangements between tenant groups and the Board.

Internal controls assurance

The Board is responsible for maintaining a sound system of internal controls within the Group/ Association and for reviewing its effectiveness. It delegates the ongoing review of controls to the Group Audit, Risk and Scrutiny Committee and the Board receives an annual report from the Executive and Audit, Risk and Scrutiny Committee.

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

In fulfilling these responsibilities the Board has ensured that the process for identifying, evaluating and managing the significant risks faced by the Association is a continuing process and is embedded in the day to day management and governance processes. This has been in place for the year under review and up to the date of the approval of these accounts and report.

The Board has agreed a number of key policies designed to ensure effective internal controls including;

- a Risk Management Policy and Framework
- the Rules and Standing Orders of the Association (including terms of reference for boards and committees)
- a set of delegated powers detailing responsibilities for expenditure and authorisation of payments
- a comprehensive set of financial and operating policies and procedures covering all aspects of the business
- a risk based approach to internal audit reviews
- code of conduct for Board members and staff
- a policy on regular performance reporting to the Board
- Treasury Management Policy and Strategy with reviews included in the quarterly performance report

The Board has in place a comprehensive process to review the effectiveness of the Association's system of internal controls. This includes all of the following elements;

Identifying and evaluating key risks and the control environment

- reviews of the risk management framework
- a risk map linked to the Association's key business plan objectives
- an annual review of the Risk Map and internal controls by the Group Audit, Risk and Scrutiny Committee, reported to the Board
- a priority risk matrix reviewed monthly by the Executive
- a 5 year Business plan developed from a 30 year planning model
- a specific review of high level business plan risks as part of the annual review of the business plan
- reports to the Group Audit, Risk and Scrutiny Committee and Board on any significant changes affecting key risks
- a Risk Appraisal Group which reviews the financial and other risks attached to all new business initiatives within parameters agreed by the Board

REPORT OF THE BOARD (CONTINUED)**Internal controls assurance (continued)**

Information and reporting systems

- an annual budget agreed before the beginning of each financial year
- quarterly performance reports to boards
- quarterly management accounts to the Board
- a monthly balanced scorecard report reviewed by the Executive and senior managers covering all key performance areas
- an annual review of performance and setting of new targets by the Board
- an annual review of the Business Plan by the Board
- minutes of the Group Audit, Risk and Scrutiny Committee considered by the Board
- reports to the Board on any fraudulent activity
- staff and Board Code of Conduct
- reports from the Tenant Services Authority on regulatory matters are reviewed by the Board

Monitoring arrangements on control issues

- a regular programme of internal audit reviews based on the risk map and reported to the Group Audit, Risk and Scrutiny Committee consisting of non executive directors and independent co-opted members.
- an annual report from the internal Auditor to the Group Audit, Risk and Scrutiny Committee on the Board
- a regular review by the internal Auditor of the completion of internal audit recommendations, reported to the Group Audit, Risk and Scrutiny Committee
- review of external audit management letters and action taken by officers
- an annual review of risks and controls by the Group Audit, Risk and Scrutiny Committee
- a monthly review by the Executive of priority risks
- the annual Finance Director report to the Audit, Risk and Scrutiny Committee and Board on the effectiveness of internal Controls

This process culminates in an Annual Report by the Executive team on the effectiveness of Internal Controls to the Group Audit, Risk and Scrutiny Committee and a subsequent report from the Group Audit, Risk and Scrutiny Committee to the Board.

Information on the process adopted for addressing material control aspects or significant problems disclosed in the annual report and accounts:

For part of the financial year, the Group has failed to maintain a satisfactory system of control over transactions relating to invoicing and payment procedures for responsive repairs and void works as required by the Friendly and Industrial and Provident Societies Act 1968. There is no evidence to indicate that this breakdown in the application of internal controls has led to any material losses or contingencies requiring disclosure in the financial statements. On identifying that a breakdown in internal control had arisen the Executive instigated remedial action to ensure internal controls were operated and commissioned an independent review of the procedures and processes that had operated in that area of the Group's operations. The review confirmed that the design of the internal controls was sound but made recommendations to address where the operation of the controls had failed in practice. These recommendations have been implemented. No other significant problems have arisen that give rise to material control implications.

Following consideration of the Annual Report from the Executive team, the Board received a report from the Group Audit, Risk and Scrutiny Committee which enables the Board to state that no weaknesses in internal controls have resulted in any material losses, contingencies or uncertainties which would require disclosure.

Going concern

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

Annual general meeting

The annual general meeting will be held on 14 September 2009 at St. Richards House, 110 Eversholt Street, London, NW1 1BS.

REPORT OF THE BOARD (CONTINUED)**Disclosure of information to auditors**

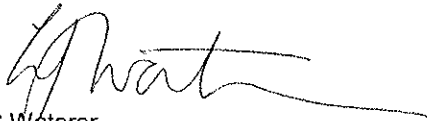
At the date of making this report each of the Association's board members, as set out on page 1, confirm the following:

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

External auditors

BDO Stoy Hayward will be proposed for reappointment at the forthcoming annual general meeting.

The Report of the Board was approved by the Board on 14 September 2009 and signed on its behalf by:



C Waterer
Company Secretary

OPERATING AND FINANCIAL REVIEW

Background

Activities

Origin Housing Group (the 'Group') consists, in addition to the holding company Origin Housing Group Limited (the 'Association'), of two registered providers of social housing, St Pancras & Humanist Housing Association Limited and Griffin Housing Association Limited, a property investment vehicle Origin Properties Limited and a financing vehicle Origin Finance Limited. The two charitable subsidiaries, which have over 100 years experience between them, were brought together in 2004 to create the Group.

The Group is a dynamic and diverse group providing high quality housing and support services across London and the Home Counties. It owns and manages nearly 6,000 homes including:

- general needs' housing for rent, primarily by families who are unable to rent or buy at open market rates;
- supported housing and care for people who need additional housing-related support or additional care;
- keyworker housing for NHS staff;
- low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to the Association on the remainder; and
- rent to homebuy, which is a new category this year. It arose out of the need to provide housing during the current economic downturn (this is discussed further under 'External influences' below).

As well as owning and managing these properties, the Group is a major developer of new affordable housing and through its Connected Partnership is one of the Association's selected by the Housing and Communities Agency as development partners.

External influences

The current economic downturn has had major repercussions for the housing market with a consequent impact on social landlords. The major areas where this has affected housing associations is in the availability of loan finance, sales of shared ownership and outright sales units, and possible impairment of existing properties. The impact on the Group for each of these three areas is detailed below:

Loan Finance

Despite the difficult market conditions the Group was able to negotiate a £100 million loan facility, signed in July 2008. This is detailed further under 'Capital structure and treasury policy' below.

Sales of Shared Ownership and Outright Sales Units

The current lack of lending in the domestic UK housing market has resulted in a significant reduction in the number of individuals buying shared ownership units. To counteract this potentially large number of unsold units, the Tenants Services Authority created a new category of social housing, Rent-to-Homebuy. This allows individuals to rent a newly built home for up to five years before acquiring a share in it. As at 31 March the Group had converted 31 units from shared ownership to rent to homebuy. However, this did have an impact during the year on void performance.

Also, despite the downturn, the Group has made 24 first tranche sales of shared ownership units, 8 outright sales units and 2 staircasing during the year. The majority of these have occurred later in the year. This is a direct result of a more aggressive sales policy and a new sales team.

Possible Impairments

The Group had not acquired any land for land-banking. As a result the downturn in land prices was less significant for the Group. However, newly acquired properties and recently revalued commercial properties have been affected by the lower property prices in the market today. As a result of these revaluations, St Pancras & Humanist Housing Association Limited's commercial properties have been reduced by £7,665k, all of which is charged to the revaluation reserve and Griffin Housing Association Limited's properties have suffered an impairment of £201k, which has been charged to the income and expenditure account as the properties have no revaluation reserve to offset the impairment amount to.

Other Issues

In addition to the above, the quality of affordable housing still remains a key focus for a government that has committed to delivering decent homes for all social housing tenants by 2010. Housing associations are also expected to contribute to the efficiency targets, for the social housing sector, set following the Gershon review and we are therefore faced with the challenging objectives of improving efficiency and quality of services. Our efficiency gains for 2008-09 were at £1.1m, which was reinvested in service delivery.

Objectives and strategy

The Group's business plan sets out the goals for the growth of the business, the services provided to customers, the assets owned, and the people who work for the Group and its subsidiaries.

Service quality - to seek continuous improvement in standards of customer service. The Board is committed to delivering an effective and efficient service to tenants and other stakeholders and to raise the quality of services received by customers. This will include an "upper quartile" performance in the core service areas of repairs and maintenance, anti-social behaviour, customer care and tenant involvement.

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Objectives and strategy (continued)**

Development - to concentrate on growing the business through housing development on quality sites in existing areas of operation by securing new development opportunities for up to 400 units a year.

Asset management - to ensure focus on key business objectives and key geographic areas by the transfer to other social landlords of non-core activities, to ensure all homes comply with the decent homes standards; to invest in our retirement and supported housing stock to ensure it is fit for the future.

Finance - to have maintained financial strength whilst supporting the maintenance and significant development programmes.

Performance and development

The key indicators used by senior management and the Board to monitor achievement of the Group's objectives are set out below. The Board agrees targets each year that are designed to manage development and deliver continuous service improvement.

	Objective	Indicator
Service quality	<ul style="list-style-type: none"> improve the core services that are most important to our customers ensure customer service is consistently delivered well develop a neighbourhood approach that tailors services and sets priorities to meet local customer provide an effective range of customer engagement opportunities 	<ul style="list-style-type: none"> Customer satisfaction with repair services, anti-social behaviour, customer care and tenant involvement Audit commission Quality Assessment Framework
Development	<ul style="list-style-type: none"> Secure opportunities to develop 400 new homes each year Protect and expand provision of supported housing services 	<ul style="list-style-type: none"> Cumulative new units into management by stock type to achieve 2,000 over life of plan
Asset management	<ul style="list-style-type: none"> Focus on core activities in North London and Hertfordshire All homes comply with decent homes standards ensure our housing schemes meet customer and stakeholder expectations maximise returns from our commercial property portfolio 	<ul style="list-style-type: none"> Successful sale of non core units Proportion of units meeting Decent Homes Standard Customers satisfied with the quality of accommodation Returns on commercial portfolio
Finance	<ul style="list-style-type: none"> achieve operating surpluses from all the core activities of the Group ensure income collection and void property management processes are running efficiently and cost effectively deliver ongoing business efficiencies ensure liquidity and banking relationships are maintained, and loans complied with 	<ul style="list-style-type: none"> Results compared to budget and business plans Arrears levels and income collection Annual efficiency gains and operating cost Index comparisons Performance against loan covenants

During the year the Group commissioned Housemark, a membership based performance improvement organisation, to validate the performance reporting systems used by the Group. This was a requirement of the Housing Corporation, in accordance with Housing Corporation Circular 08/07 requiring performance indicator information through the annual Regulatory Statistical Return ('RSR') and returns from the Continuous Recording ('CORE') of lettings and sales.

We are pleased to report that the system used by the Group to produce the relevant performance indicators was assessed as complying with the requirements set out by the Tenants Services Authority ('TSA'). During the year the regulatory responsibilities of the Housing Corporation were transferred to the TSA.

The performance for this financial year against the indicators shown above is as follows:

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Service quality**Neighbourhoods

Grant funding has been secured for a number of projects run by the group including youth based activities, community projects and financial inclusion. During the year £250k of grant funding was brought in.

Maintenance

The maintenance delivery service has been redesigned after extensive negotiations with tenants to ensure their needs are being met. The recent STATUS survey has indicated an improvement in tenant satisfaction with the maintenance service being delivered. The satisfaction levels recorded in 2008 were at 67%, up from 63% in the 2005 survey.

Supported housing services performance

Our supporting people review scores show continuous improvement over the past three years with the majority of scores across the services being at level B. Within supported housing, 79% have been at level A or B compared to the Group's business plan goal of a minimum of level B to be obtained in supporting people reviews in at least 70% of the core service objectives. Our good performance in this area is reflected by the Group winning a 5 year contract for floating support services in Hertfordshire during the year.

Tenant satisfaction

During the year a STATUS survey was carried out on the properties managed by St Pancras and Humanist HA (this must follow a robust methodology consistent with STATUS guidance published for general needs in October 2007 and for sheltered housing and supported housing in January 2008) with encouraging results. The percentage of tenants who stated that they were very or fairly satisfied with the landlord services was at 72%. This has risen from 66% in 2005.

Development

During the year 150 new homes were completed and transferred into management by the end of March 2009 with a further programme of 342 homes on site meeting delivery targets.

Our efforts to secure pipeline developments have changed from recent prior years following on from the downturn in the market. As a result of lower prices we have been successful in acquiring sites at competitive rates whilst still being prudent in our approach to new developments.

The Group's commercial subsidiary, Origin Properties Limited, was successful in acquiring its first property during the year. It continues to manage the commercial portfolio of the Group in addition to acquiring commercial properties in its own right.

During the year the subsidiary, Origin Finance Limited successfully negotiated new funding at competitive rates consisting of £65.5m of funding for the development programme and £34.5m of refinancing existing loans.

Asset management

In focusing on our core business activities and key geographic locations, the Group is in the process of transferring some of its outlying schemes to other social landlords. In line with Group policies and regulatory requirements, tenants and employees are being consulted.

The Group is on target to deliver the Decent Homes agenda by the 2010 deadline, with 97.9% of our stock currently meeting the Decent Homes Standard.

The commercial portfolio held by the group has also been affected by the economic slowdown. Where necessary, contracts have been re-negotiated with the aim of maximising income for the group in the current climate.

Finance

It is the aim of the Group to maintain a stable operating surplus over the coming years, with efficiency savings planned through service reviews and initiatives ensuring resources can be reallocated to improve service delivery. The performance for this financial year delivered results broadly in line with the budget for the year; with rental increases in line with the Tenant Services Authority guidance on rent restructuring and costs moving in line with increases in services and additional units. The impact of the downturn in the UK economy impacted the sale of shared ownership units in the year. However, the Group had a prudent budget and has taken steps to mitigate any losses on these units. We are pleased to report an operating surplus before taxation of £7,608k (2008: £7,395k - restated) which together with our surplus on the sale of fixed assets of £1,492k (2008: £963k - restated) contributes to the year-end group funds to £63.9m million (2008: £70.4 million - restated).

The voids re-let times during 2008/09 have shown improvements over the prior year across the various business streams, despite the economic downturn. Arrears performance has generally been static over the last year. The void loss has been affected by the slowdown in shared ownership sales and the economic impact on commercial properties.

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Risks and uncertainties**

The overall objective of the Risk Strategy in the Group is to encourage properly controlled risk taking which is necessary to ensure the Group achieves its business objectives. The risk management framework is designed to ensure that the Group has in place policies and procedures such that no event or action will adversely affect the organisation's ability to meet its business objectives and execute its strategies successfully. It is also designed to comply with the Tenants Services Authority guidance on internal controls assurance. To assist in the management of risk, for each operational function of the Group a risk trigger has been identified. The appropriateness of the trigger points is reviewed annually by the Board. The executive team measures performance against these trigger points. If a trigger point is breached, the matter is referred for review at board level to consider the appropriate mitigating action.

Financial position

The consolidated income and expenditure account and the consolidated balance sheet are summarised on pages 14 and 17. The following paragraphs highlight key features of the Group's financial position at 31 March 2009:

Accounting policies

The Group's accounting policies are set out on pages 20 to 22. The accounting policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development costs; deduction of capital grant from the cost of assets; housing property depreciation; and the treatment of shared ownership properties. The Group has implemented the Statement of Recommended Practice 2008 from 1 March 2008. This has an impact on the prior year figures resulting in an increase in the surplus of the Group for the year ended 31 March 2008 from £1,647k to £1,945k.

Housing properties

At 31 March 2009 the Group owned and managed 5,956 housing properties (2008: 5,715). The properties were carried in the balance sheet at cost (after depreciation and capital grant) of £180 million (2008: £155 million).

Our investment in housing properties this year was funded through a mixture of Social Housing Grant, loan finance and working capital where we show a strong current asset balance, an important indicator of liquidity. The Group's treasury management arrangements are considered below.

Pension costs

The Group participates in the Social Housing Pension Scheme ('SHPS'). The scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme which means there is no requirement to reflect any potential long term liability in the financial statements. During the 2007 financial year the Group reviewed the pension arrangements in light of impending legislation and agreed a package to ensure that the ongoing costs for the pension scheme will continue to be affordable. The final salary scheme is now closed to new entrants and has been replaced with a career average revalued earnings (CARE) scheme. This is detailed further in note 9 to the financial statements on pages 29 to 31.

Capital structure and treasury policy

The Group's development programme is funded through a mix of grant and loan funding. At the year end the Group had loan facilities of £241.9 million in place. During the year it drew down a net of £35.8 million to develop general needs, keyworker housing, shared ownership units and market rent units, bringing the total borrowings to £164.1 million (further details on the terms and repayment dates can be found in note 21). The five-year summary in table 1 (page 11) shows a healthy performance regarding interest cover of 1.18 (2008: 1.29 - restated) and gearing 65.0% (2008: 48.2% - restated).

Treasury management is reviewed annually by the Board where the approach towards additional funding and interest rate management is agreed. During the year, following a review of our current loan terms by our treasury advisors, BWNL Enterprise, new loan facilities of £100m were negotiated, £34.5m of which was used to refinance existing facilities at lower rates. The balance of £65.5m will be used to fund the Group's development programme. The Group ensures there is a balance of rates between fixed and variable to protect against long term interest rate increases.

The Group borrows and lends only in Sterling and is therefore not exposed to any currency risk.

Cash flows

Cash inflows and outflows during the year are shown in the consolidated cash flow statement on page 19.

The net cash inflow from operating activities was £2, 002k (2008: £6,974k cash outflow).

Liquidity

The Group has the ability to fund its current and future operations. As referred to above, the Group, entered into an agreement for new loan facilities of £65.5m during the year which will be used to finance the Group's two social landlords, St Pancras & Humanist Housing Association Limited and Griffin Housing Association Limited. The commercial arm of the Group, Origin Properties Limited, has secured its own financing of £20m. There have not been any breaches of lender covenants during the last year and non are anticipated.

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Statement of compliance**

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

TABLE 1 – FIVE-YEAR SUMMARY

For the year ended 31 March	2009	2008 (restated) (note 2)	2007	2006	2005*
Group income and expenditure account	£'000	£'000	£'000	£'000	£'000
Turnover	37,070	32,545	28,596	26,773	19,577
Cost of sales	(1,687)	(373)	-	-	-
Operating costs	(27,775)	(24,777)	(22,542)	(20,943)	(14,730)
Operating surplus	7,608	7,395	6,054	5,830	4,847
Surplus for the financial year	1,406	1,945	3,159	1,362	2,387
Group balance sheet	£'000	£'000	£'000	£'000	£'000
Housing properties at cost	364,250	332,371	297,131	273,044	255,459
Social Housing Grant and other capital grants	(183,833)	(176,954)	(161,146)	(156,929)	(146,025)
Housing properties net of grants	180,417	155,417	135,985	116,115	109,434
Other tangible fixed assets at cost	29,288	36,503	31,270	20,841	19,924
Tangible fixed assets	209,705	191,920	167,255	136,956	129,358
Net current assets/ (liabilities)	15,315	(2,421)	158	1,588	1,992
Total assets less current liabilities	225,020	189,499	167,413	138,544	131,350
Creditors: amounts falling due after more than one year	161,090	119,128	98,702	83,381	77,387
Provision for liabilities and charges	-	-	353	353	631
Reserves					
Revaluation reserve	16,442	24,289	24,082	13,627	13,511
Revenue reserve	42,555	41,125	39,057	35,897	34,588
Negative goodwill	4,186	4,271	4,621	4,722	4,756
Designated reserve	747	686	598	564	477
	63,930	70,371	68,358	54,810	53,332
	225,020	189,499	167,413	138,544	131,350
Accommodation figures	No.	No.	No.	No.	No.
Housing stock - Social	5,370	5,210	5,036	4,947	4,961
Housing stock - Non-social	586	495	465	293	191
Managed Stock	-	10	10	72	263
	5,956	5,715	5,511	5,312	5,415
Statistics					
Surplus as % of turnover	3.8%	6.0%	11.0%	5.1%	12.2%
Rent loss % of rent and service charge	6.4%	4.2%	4.3%	3.3%	2.2%
Rent arrears % of rent and service charge	7.3%	6.2%	5.8%	1.4%	2.8%
Interest cover (<i>surplus before interest divided by interest payable</i>)	1.18	1.29	1.60	1.25	1.61
Liquidity (<i>current assets divided by current liabilities</i>)	1.8	0.9	1.0	1.2	1.2
Gearing (<i>total debt as % of capital grants plus reserves</i>)	65.0%	48.2%	43.0%	39.4%	38.8%
Total reserves per home owned	£10,734	£12,335	£12,426	£10,460	£10,352

* 2005 includes 9 months as part of the Group

STATEMENT OF RESPONSIBILITIES OF THE BOARD**Statement of the responsibilities of the Board for the report and financial statements.**

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

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

In preparing those financial statements the Board is required to:

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGIN HOUSING GROUP LIMITED

We have audited the Group and Association financial statements (the "financial statements") of Origin Housing Group Limited for the year ended 31 March 2009 which comprise the Income and Expenditure Accounts, the Balance Sheets and Statements of Total Recognised Surpluses and Deficits for the Group and Association, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Board and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial & Provident Societies (Group Accounts) Regulations 1969, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the Group has not kept proper accounting records, a satisfactory system of control over transactions has not been maintained, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Report of the Board, and consider whether it is consistent with the audited financial statements. This other information comprises only the operating and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of Schedule 1 paragraph 16 to the Housing Act 1996 and Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the above statutes or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

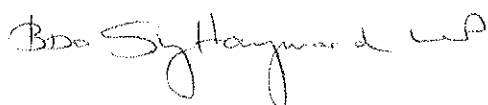
Opinion

In our opinion the Group and Association financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Association's affairs as at 31 March 2009 and of their results for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial & Provident Societies (Group Accounts) Regulations 1969, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Other regulatory matters

Section 9(4)(b) of The Friendly and Industrial and Provident Societies Act 1968 requires us to carry out such investigations as will enable us to form an opinion as to whether the Group and Association has maintained a satisfactory system of control over its transactions in accordance with section 1(1)(b) of that Act. In our opinion, for part of the financial year, the Group and Association has not maintained a satisfactory system of control over transactions relating to invoicing and payment procedures for responsive repairs and void works, as explained more fully on page 4.



BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Epsom, Surrey

14 September 2009

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

	Note	2009 £ '000	2008 (restated) (note 2) £ '000
Turnover	3	37,070	32,545
Cost of sales	3	(1,687)	(373)
Operating costs	3	(27,775)	(24,777)
Operating surplus	3	7,608	7,395
Surplus on sale of fixed assets – housing properties	6	1,492	963
Interest receivable and other income	7	215	252
Interest payable and similar charges	8	(7,906)	(6,669)
Surplus on ordinary activities before taxation		1,409	1,941
Tax on surplus on ordinary activities	11	(3)	4
Surplus for the financial year	25	1,406	1,945

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

Turnover and operating surplus for the current and prior years relate to continuing activities.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

	Note	2009 £ '000	2008 £ '000
Turnover	3	5,258	5,331
Operating costs	3	5,255	5,324
Operating surplus: continuing activities	3	3	7
Interest receivable and other income	7	4	7
Interest payable and similar charges	8	-	(7)
Surplus on ordinary activities before taxation		7	7
Tax on surplus on ordinary activities	11	(1)	4
Surplus for the financial year	25	6	11

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

Turnover and operating surplus for the current and prior years relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2009

	Notes	Group		Association	
		2009 £ '000	2008 (restated) (note 2) £ '000	2009 £ '000	2008 £ '000
Surplus for the financial year		1,406	1,945	6	11
Unrealised revaluation deficit on commercial properties	13	(7,665)	-	-	-
Unrealised deficit on revaluation of investments	18	(182)	(59)	-	-
Reclassification of reserves		-	(12)	-	-
		(6,441)	1,874	6	11
Prior year adjustment	2	437	139	-	-
Total recognised (deficits)/surpluses since the last financial statements		(6,004)	2,013	6	11

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

For the year ended 31 March 2009

	Notes	Group		Association	
		2009 £ '000	2008 (restated) (note 2) £ '000	2009 £ '000	2008 £ '000
At 1 April as previously stated		69,934	68,358	32	21
Prior year adjustment	2	437	139	-	-
At 1 April as restated		70,371	68,497	32	21
Total recognised (deficits)/surpluses relating to the year before prior year adjustment		(6,441)	1,874	6	11
At 30 March as restated		63,930	70,371	38	32

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Note	2009 £ '000	2008 (restated) (note 2) £ '000
Tangible fixed assets			
Housing properties at cost	12	364,250	332,371
Social Housing Grant	12	(180,292)	(173,413)
Other capital grants	12	(3,541)	(3,541)
		<u>180,417</u>	<u>155,417</u>
Commercial properties at valuation	13	25,946	33,717
Other tangible fixed assets at cost	14	3,342	2,786
		<u>209,705</u>	<u>191,920</u>
Investments			
Homebuy loans		3,009	3,125
Social Housing Grant		(3,009)	(3,125)
		<u>-</u>	<u>-</u>
Current assets			
Properties for sale	16	19,439	4,368
Debtors	17	8,332	17,880
Deferred tax assets	11	63	63
Investments	18	477	659
Cash at bank and in hand		6,042	1,158
		<u>34,353</u>	<u>24,128</u>
Creditors: amounts falling due within one year	19	(19,038)	(26,549)
Net current assets/ (liabilities)		<u>15,315</u>	<u>(2,421)</u>
Total assets less current liabilities		<u>225,020</u>	<u>189,499</u>
Creditors: amounts falling due after more than one year			
	20	161,090	119,128
Provision for liabilities and charges	23	-	-
		<u>161,090</u>	<u>119,128</u>
Capital and reserves			
Non-equity share capital	24	-	-
Revaluation reserve	25	16,442	24,289
Revenue reserve	25	42,555	41,125
Negative goodwill	25	4,186	4,271
Designated reserve	25	747	686
	25	<u>63,930</u>	<u>70,371</u>
		<u>225,020</u>	<u>189,499</u>

The notes on pages 20 to 42 form part of these financial statements.

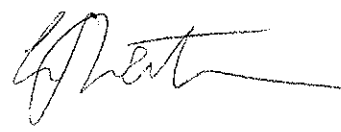
The financial statements were approved and authorised for issue by the Board on 14 September 2009 and signed on its behalf by:



Chair



Board Member



Secretary

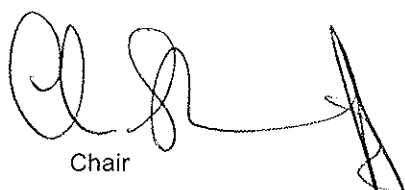
ASSOCIATION BALANCE SHEET

At 31 March 2009

	Note	2009 £ '000	2008 £ '000
Other tangible fixed assets	14	684	404
Investments in subsidiaries	15	-	-
Current assets			
Debtors	17	2,549	1,639
Deferred tax	11	63	63
Cash at bank and in hand		88	-
		<u>2,700</u>	<u>1,702</u>
Creditors: amounts falling due within one year	19	(3,346)	(2,074)
Net current liabilities		<u>(646)</u>	<u>(372)</u>
Total assets less current liabilities		<u>38</u>	<u>32</u>
Capital and reserves			
Non-equity share capital	24	-	-
Revenue reserve	25	38	32
	25	<u>38</u>	<u>32</u>

The notes on pages 20 to 42 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 14 September 2009 and signed on its behalf by:



Chair



Board Member



Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	Note	2009 £ '000	2008 (restated) (note 2) £ '000
Net cash inflow/ (outflow) from operating activities	28	2,002	(6,974)
Returns on investments and servicing of finance			
Interest received		215	252
Interest paid		(9,062)	(7,767)
		<u>(8,847)</u>	<u>(7,515)</u>
Corporation tax paid		(20)	(27)
Capital expenditure			
Proceeds from sale of housing properties	6	2,062	1,423
Payments to acquire and develop housing properties		(33,869)	(42,307)
Capital grants received		9,574	18,708
Payments to acquire commercial properties		(114)	-
Payments to acquire other fixed assets		(1,186)	(545)
		<u>(23,533)</u>	<u>(22,721)</u>
Net cash outflow before financing		<u>(30,398)</u>	<u>(37,237)</u>
Financing			
Loans received		36,797	38,464
Loans repaid		(1,329)	(4,123)
		<u>35,468</u>	<u>34,341</u>
Increase/ (decrease) in cash	29	<u>5,070</u>	<u>(2,896)</u>

NOTES TO THE FINANCIAL STATEMENTS**1 Accounting policies****Basis of accounting**

The financial statements of the Group and the Association are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords 2008, and comply with the Accounting Requirements for registered social landlords General Determination 2006.

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March using acquisition accounting.

Turnover

Turnover comprises rental income receivable in the year, income from sales of first tranche shared ownership sales and outright sales, other services included at the invoiced value (excluding value added tax) of goods and services supplied in the year and revenue grants receivable in the year.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

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

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

Value added tax

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

Interest payable

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

- a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant received in advance; or
- b) interest on borrowings of the Association as a whole after deduction of interest on Social Housing Grant received in advance to the extent that they can be deemed to be financing the development programme.

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

Derivatives

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

Pensions

The Group contributes to a defined benefit final salary pension for staff that were in post before 1 April 2008 and to a career average earnings scheme for other new staff.

The Group participates in the Social Housing Pension Scheme ('SHPS') a multi-employer defined benefit scheme.

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

Supporting people

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1 Accounting policies (continued)****Housing properties**

Housing properties are principally properties available for rent, including the retained equity in shared ownership properties, and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business beyond the previously assessed standard of performance when the asset was first constructed, last improved or last revalued. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership and staircasing

Under shared ownership arrangements, the Association disposes of a long lease of shared ownership housing units to persons who occupy them, at a premium equal to between 25% and 75% of the open market value (the 'first tranche'). The occupier has the right to purchase further proportions at the current valuation at that time up to 100% ('staircasing').

A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset; and that retained by the Association, which is recorded as a fixed asset in the same manner as for general needs housing properties.

Proceeds of sale of first tranches are accounted for as turnover in the income and expenditure account, with the apportioned cost being shown within operating results as the cost of sale.

Subsequent tranches sold ('staircasing sales') are disclosed in the income and expenditure account after the operating result as a surplus or deficit on sale of fixed assets. Such staircasing sales may result in capital grant being deferred or abated and this is credited in the sales account arriving at the surplus or deficit.

Social Housing Grant in respect of shared ownership properties is allocated against the fixed asset element of the shared ownership property and is treated as a deduction from fixed assets.

Commercial properties

Commercial properties are stated at market value less depreciation and impairment. A valuation was carried out in accordance with RICS appraisal and valuation standards (May 2003) and on market basis as at 31 March 2007. In accordance with FRS15 an interim valuation was performed at 31 March 2009 on a sample of these properties and the results were extrapolated to cover the entire portfolio.

Market value is defined as the estimated amount for which the property should exchange on the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted 'knowledgably, prudently and without compulsion'.

Social Housing Grant

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

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

Other grants

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

Depreciation of housing and commercial properties

Freehold land is not depreciated. Buildings are depreciated over their estimated useful economic life of 100 years.

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

Depreciation of other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The expected useful lives of other assets are:

Tenant furniture	3 years
Furniture, fixtures and fittings	15 years
Computers and office equipment	4 years

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1 Accounting policies (continued)****Impairment**

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

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating surplus, unless a revaluation reserve exists for the asset, in which case the amount of the impairment is deducted from the revaluation reserve up to the balance of the reserve for the asset. Any remaining impairment is then charged to operating surplus.

During the year the Group's properties suffered an impairment of £7,866k (2008: £nil) resulting in a decrease in the revaluation reserve of £7,665k and a charge to the income and expenditure account of £201k. The £201k impairment relate to properties that have no revaluation reserve to offset the impairment amount to.

Leased assets

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

Properties for sale

Properties for outright sale and shared ownership first tranche developments are valued at the lower of cost and net realisable value, regardless of whether they are completed or still under construction. Cost comprises materials, direct labour, direct development overheads and attributable interest on borrowings. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Homebuy loans and grants

Under these arrangements the Association receives Social Housing Grant representing a maximum of 30% of the open market purchase price of a property in order to advance interest free loans of the same amount to a homebuyer. The buyer meets the balance of the purchase price from a combination of personal mortgage and savings. Loans advanced by the Association under these arrangements are disclosed in the investments section of the balance sheet.

In the event that the property is sold on, the Association recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of the proceeds is offset against the recycled grant. There are no circumstances in which the Association will suffer any capital loss.

Current asset investments

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

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Negative goodwill

Negative goodwill arising from business acquisitions is written back over 100 years, representing the life of the underlying assets acquired.

Revaluation reserve

The difference between the market value of commercial properties and the historical cost carrying value is credited to the revaluation reserve. Any impairment on commercial properties is debited against the revaluation reserve up to the balance of the reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Prior year adjustment

The statement of Recommended Practice ('SORP') for registered social landlords has been updated for periods commencing on or after 1 April 2008. The previous SORP recommended that first tranche sales were credited to fixed asset housing property costs. The new SORP treatment requires the cost of development in respect of first tranches to be reclassified as current assets and for the surplus or deficit on first tranche sales to be reflected in the income and expenditure account.

The effect of the prior year adjustment on revenue reserves, shared ownership housing properties and current assets is as follows:

Group	31 March 2008 £'000
Balance sheet fixed asset housing properties	
Completed fixed asset shared ownership housing properties as previously stated	13,691
Add: accumulated first tranche surpluses	495
Less: increase in disposal cost of shared ownership fixed assets	(58)
Less: transfer to current assets representing first tranche costs of shared ownership properties to be sold	(2,520)
Completed fixed asset shared ownership housing properties as restated (note 12)	<u>11,608</u>
Balance sheet fixed asset housing properties	
Fixed asset shared ownership properties under construction as previously stated	2,084
Less: transfer to current assets representing costs of shared ownership schemes under construction attributable to the making of first tranche sales	(448)
Fixed asset shared ownership housing properties under construction as restated (note 12)	<u>1,636</u>
Balance sheet properties for sale	
Properties for sale as previously stated	1,400
Add: transfer from fixed asset housing properties	2,968
Properties for sale as restated (note 16)	<u>4,368</u>
Balance sheet revenue reserves	
Surplus from shared ownership first tranche sales representing:	
- accumulated first tranche sales	1,534
- accumulated cost of sales	(1,039)
- increase in disposal cost of shared ownership fixed assets	(58)
Prior year adjustment to opening revenue reserves	<u>437</u>
Income and expenditure account restatement year ended 31 March 2008	
Turnover as previously stated	31,816
Add: proceeds from sale of shared ownership first tranches	729
Turnover as restated (note 3)	<u>32,545</u>
Cost of sales as previously stated	-
Add: cost of sales of shared ownership first tranches	(373)
Cost of sales as restated (note 3)	<u>(373)</u>
Surplus on sale of fixed assets as previously stated	1,021
Less: increase in disposal cost of shared ownership fixed assets	(58)
Surplus on sale of fixed assets as restated (note 6)	<u>963</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Turnover, cost of sales, operating costs and operating surplus

	Group 2009			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	30,267	-	24,776	5,491
Other social housing activities				
Shared ownership first tranche sales	1,374	1,276	-	98
Supporting people contract income	1,084	-	974	110
Community regeneration	105	-	98	7
Development services	-	-	59	(59)
Care & repair	366	-	185	181
	<u>2,929</u>	<u>1,276</u>	<u>1,316</u>	<u>337</u>
Non-social housing activities				
Properties for outright sale	843	411	-	432
Commercial activities	1,776	-	884	892
Management recharges	678	-	46	632
Development for sale, leasehold & market rent	577	-	753	(176)
	<u>3,874</u>	<u>411</u>	<u>1,683</u>	<u>1,780</u>
	<u>37,070</u>	<u>1,687</u>	<u>27,775</u>	<u>7,608</u>

	Group 2008 (restated) (note 2)			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	28,157	-	22,442	5,715
Other social housing activities				
Shared ownership first tranche sales	729	373	-	356
Supporting people contract income	753	-	646	107
Community regeneration	93	-	58	35
Development services	65	-	(7)	72
Care & repair	375	-	318	57
Other	107	-	209	(102)
	<u>2,122</u>	<u>373</u>	<u>1,224</u>	<u>525</u>
Non-social housing activities				
Commercial activities	1,835	-	486	1,349
Development for sale, leasehold & market rent	420	-	525	(105)
Other	11	-	100	(89)
	<u>2,266</u>	<u>-</u>	<u>1,111</u>	<u>1,155</u>
	<u>32,545</u>	<u>373</u>	<u>24,777</u>	<u>7,395</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Turnover, cost of sales, operating costs and operating surplus (continued)

	<u>Association 2009</u>		
	Turnover £ '000	Operating costs £ '000	Operating surplus £ '000
Other social housing activities			
Development services	127	127	-
Management services	5,131	5,128	3
	<u>5,258</u>	<u>5,255</u>	<u>3</u>
	<u>Association 2008</u>		
	Turnover £ '000	Operating costs £ '000	Operating surplus £ '000
Other social housing activities			
Development services	65	60	5
Development costs not capitalised	146	140	6
Management services	5,120	5,124	(4)
	<u>5,331</u>	<u>5,324</u>	<u>7</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

Group	General needs housing £'000	Supported housing and housing for older people £'000	Care accommodation £'000	Key worker housing £'000	Shared ownership £'000	Rent to homebuy £'000	2009 Total £'000	2008 Total £'000
Rent receivable net of identifiable service charges	16,626	3,208	151	2,801	626	7	23,419	21,423
Service income	1,499	1,665	109	47	99	-	3,419	3,187
Charges for support services	-	941	-	-	-	-	941	983
Net rental income	18,125	5,814	260	2,848	725	7	27,779	25,593
Other Homes and Communities Agency revenue grants	-	-	-	-	-	-	-	2,238
Other income	84	1,045	1,135	224	-	-	2,488	326
Turnover from social housing lettings	18,209	6,859	1,395	3,072	725	7	30,267	28,157
Management Services	4,528	3,197	640	1,129	201	16	9,711	8,595
Routine maintenance	1,645	3,154	1,311	1,287	35	3	7,435	6,654
Planned maintenance	2,593	996	21	330	-	-	3,940	3,680
Major repairs expenditure	1,111	185	-	66	-	-	1,362	1,298
Bad debts	139	1	-	-	-	-	140	4
Depreciation of housing properties	280	-	-	42	-	-	322	217
Impairment of housing properties	1,509	99	-	35	71	4	1,718	1,897
Other costs	-	-	-	-	135	13	148	-
Operating costs on social housing lettings	11,805	7,632	1,972	2,889	442	36	24,776	22,442
Operating surplus/(deficit) on social housing lettings	6,404	(773)	(577)	183	283	(29)	5,491	5,715
Void losses	(307)	(303)	(19)	(938)	-	-	(1,567)	(1,109)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Turnover, cost of sales, operating costs and operating surplus on lettings (continued)

Particulars of income and expenditure from commercial property lettings

Group	2009 £ '000	2008 £ '000
Rent receivable net of identifiable service charges	1,706	1,726
Service income	61	102
Net rental income	<u>1,767</u>	<u>1,828</u>
Other income	9	7
Turnover from commercial activities	<u>1,776</u>	<u>1,835</u>
Management	279	240
Services	219	67
Routine maintenance	17	11
Planned maintenance	5	5
Bad debts	144	146
Depreciation of housing properties	167	17
Impairment of housing properties	53	-
Total expenditure on commercial property lettings	<u>884</u>	<u>486</u>
Operating surplus on commercial property lettings	<u>892</u>	<u>1,349</u>
Void losses	<u>(327)</u>	<u>(54)</u>

4 Accommodation in management

At the end of the financial year accommodation in management for each class of accommodation was as follows:

Group	2009 No.	2008 No.
Social housing		
General needs housing	3,149	3,081
Supported housing and housing for older people	1,025	1,036
Shared ownership	252	283
Keyworker housing	878	775
Rent to homebuy	31	-
Residential care homes	35	35
Total owned	<u>5,370</u>	<u>5,210</u>
Accommodation managed for others	-	10
Total managed	<u>5,370</u>	<u>5,220</u>
Non-social housing		
Commercial/ Right to buy/ Leasehold/ Market rented	586	495
Total owned and managed	<u>5,956</u>	<u>5,715</u>

The Group owns 72 supported housing units (2008: 75) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Operating surplus

This is arrived at after charging:

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Depreciation of housing properties	1,369	1,631	-	-
Depreciation of commercial properties	167	17	-	-
Depreciation of other tangible fixed assets	630	583	267	288
Impairment	201	-	-	-
Operating lease rentals for office equipment and computers	64	57	64	57
Auditors' remuneration				
- for audit services	48	61	13	26
- for non-audit services	36	6	17	6

6 Surplus on sale of fixed assets – housing properties

	Group		Association	
	2009 £ '000	2008 (restated) (note 2) £ '000	2009 £ '000	2008 £ '000
Disposal proceeds	2,062	1,423	-	-
Carrying value of fixed assets	(570)	(460)	-	-
	1,492	963	-	-

7 Interest receivable and other income

	Group		Association	
	2009 £ '000	2008 (restated) (note 2) £ '000	2009 £ '000	2008 £ '000
Bank interest receivable	165	227	4	7
Dividend income receivable	25	23	-	-
Sinking fund interest	12	-	-	-
Other interest receivable	13	2	-	-
	215	252	4	7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Interest payable and similar charges

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Loans and bank overdrafts	8,883	7,571	-	7
RCGF interest	167	273	-	-
Sinking fund interest	12	18	-	-
	<u>9,062</u>	<u>7,862</u>	<u>-</u>	<u>7</u>
Interest capitalised on housing properties under construction	(1,156)	(1,193)	-	-
	<u>7,906</u>	<u>6,669</u>	<u>-</u>	<u>7</u>
Capitalisation rate used to determine the finance costs capitalised during the period	5.78%	6.76%	-	-

Due to housing property development dating back many years, it has not been possible to determine the aggregate amount of capitalised interest included in the cost of fixed asset housing properties.

9 Employees

Average monthly number of employees expressed in full time equivalents:

	Group		Association	
	2009 No.	2008 No.	2009 No.	2008 No.
Administration	44	50	38	35
Development	9	9	9	9
Housing, support and care	222	193	-	-
	<u>275</u>	<u>252</u>	<u>47</u>	<u>44</u>

Employee costs:

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Wages and salaries	8,044	7,470	2,025	2,013
Social security costs	725	642	197	185
Other pension costs	277	258	142	127
	<u>9,046</u>	<u>8,370</u>	<u>2,364</u>	<u>2,325</u>

The Group participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Employees (continued)

The Group has elected to operate the final salary with a 1/60th accrual rate, and the career average revalued earnings with a 1/60th accrual rate benefit structure for active members as at 1 April 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

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

During the accounting period the Group paid contributions at the rate of 9.0% to 9.8%. Member contributions varied between 9.5% and 12.2%.

As at the balance sheet date there were 52 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £2,209,216. The Group has closed the scheme to new entrants.

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

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

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

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

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

The valuation was carried out using the following demographic assumptions:

- Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1% pa
- Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Employees (continued)

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

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

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

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.

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

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

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

10 Board members and executive directors

Group and Association	Basic salary £ '000	Benefits in kind £ '000	Pension contr'n's £ '000	2009 Total £ '000	2008 Total £ '000
Aggregate emoluments	582	-	65	647	629

None of the Board members received emoluments. Expenses paid during the year to board members amount to £13,711 (2008: £10,181)

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £124,009 (2008: £118,356). The Chief Executive is a member of the Social Housing Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

Group and Association	Basic salary £ '000	Benefits in kind £ '000	Pension contr'n's £ '000	2009 Total £ '000	2008 Total £ '000
Aggregate emoluments	124	-	15	139	132

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tax on surplus on ordinary activities

The Association, Origin Properties Limited and Origin Finance Limited are subject to corporation tax. St Pancras Street Properties Limited is subject to Corporation Tax but it is a dormant company. St Pancras & Humanist Housing Association Limited and Griffin Housing Association Limited have Charitable Objects and are exempt from corporation tax.

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
United Kingdom Corporation Tax				
Current tax on income for the year	3	32	1	32
Adjustments in respect of prior periods	-	27	-	27
Current tax charge for the period	3	59	1	59
Deferred tax				
Origination and reversal of timing differences	-	(63)	-	(63)
	3	(4)	1	(4)

Factors affecting the tax charge for the period

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Surplus for the year before taxation	1,406	1,945	7	7
Corporation tax at 21% (2008: 30%)	295	584	1	2
<i>Effects of:</i>				
Expenditure not deductible for tax purposes:				
Surpluses in the charitable entities	(292)	(613)	-	-
Accelerated capital allowances	-	33	-	33
Other timing differences	-	34	-	3
Adjustments in respect of prior years	-	27	-	27
Marginal relief	-	(6)	-	(6)
	3	59	1	59

The Group had a deferred tax asset of £63k as at 31 March 2009 (2008: £63k) in relation to tax losses.

Deferred tax

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Accelerated capital allowances	(57)	(57)	(57)	(57)
Other short term timing differences	(6)	(6)	(6)	(6)
	(63)	(63)	(63)	(63)
Movement in provision:				
Provision/ (asset) at start of period	(63)	-	(63)	-
Deferred tax credit to Income & Expenditure account	-	(63)	-	(63)
Provision/ (asset) at the end of the period	(63)	(63)	(63)	(63)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Tangible fixed assets – housing properties

	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Social housing to let properties under construction £'000	Shared ownership properties completed £'000	Shared ownership properties under construction £'000	Total £'000
Cost						
At 1 April 2008 as restated (note 2)	281,698	1,991	30,916	23,313	3,278	341,196
Reclassification	3,632	(9)	-	(3,623)	-	-
Additions	6,380	77	21,569	(273)	6,213	33,966
Schemes completed	4,058	-	(4,058)	1,264	(1,264)	-
Disposals	(503)	-	-	(67)	-	(570)
At 31 March 2009	295,265	2,059	48,427	20,614	8,227	374,592
Accumulated depreciation and impairment						
At 1 April 2008	8,387	158	21	259	-	8,825
Reclassification	(37)	(67)	(21)	125	-	-
Depreciation charged in the year	1,248	13	-	108	-	1,369
Impairment charged in the year	13	-	-	135	-	148
At 31 March 2009	9,611	104	-	627	-	10,342
Depreciated cost						
At 1 April 2008 as restated (note 2)	273,311	1,833	30,895	23,054	3,278	332,371
At 31 March 2009	285,654	1,955	48,427	19,987	8,227	364,250
Social Housing Grant						
At 1 April 2008	145,212	-	15,113	11,446	1,642	173,413
Reclassification	5,171	-	(400)	(3,731)	(1,040)	-
Additions	2,142	-	4,270	-	68	6,480
Recycled during the year	-	-	1,465	1,300	274	3,039
Grants repayable	(2,640)	-	-	-	-	(2,640)
Schemes completed in the year	1,956	-	(1,956)	74	(74)	-
At 31 March 2009	151,841	-	18,492	9,089	870	180,292
Other Grants						
At 1 April 2008 and at 31 March 2009	3,161	-	380	-	-	3,541
Net book value						
At 1 April 2008 as restated (note 2)	124,938	1,833	15,402	11,608	1,636	155,417
At 31 March 2009	130,652	1,955	29,555	10,898	7,357	180,417

The Association conducted a review of its properties in March 2009 to identify any which had suffered a permanent diminution in value to the extent that a provision for impairment was required. The impairment charged in the year is reflected above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Tangible fixed assets – housing properties (continued)

Expenditure on works to existing properties

Group	2009 £ '000	2008 £ '000
Amounts capitalised	6,457	3,901
Amounts charged to income and expenditure account	140	4
Total expenditure on works to existing properties	<u>6,597</u>	<u>3,905</u>

13 Tangible fixed assets – commercial properties

	2009 £ '000	2008 £ '000
Cost or valuation		
At 1 April	33,837	28,548
Additions	114	5,289
Revaluation deficit	(7,665)	-
At 31 March	<u>26,286</u>	<u>33,837</u>
Accumulated depreciation and impairment		
At 1 April	120	103
Depreciation charged in the year	167	17
Impairment charged in the year	53	-
At 31 March	<u>340</u>	<u>120</u>
Net book value		
At 1 April	<u>33,717</u>	<u>28,445</u>
At 31 March	<u>25,946</u>	<u>33,717</u>

The Association conducted a review of its properties in March 2009 for impairment and as a result of which a £53k impairment charge has been made during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Tangible fixed assets - other

Group	Tenant furniture £'000	Furniture, fixtures and fittings £'000	Computers and office equipment £'000	Total £'000
Cost				
At 1 April 2008	866	5,198	4,429	10,493
Adjustment to opening balance	-	(8)	21	13
Additions	-	620	566	1,186
At 31 March 2009	866	5,810	5,016	11,692
Accumulated depreciation				
At 1 April 2008	857	2,830	4,020	7,707
Adjustment to opening balance	-	(8)	21	13
Charged in year	-	361	269	630
At 31 March 2009	857	3,183	4,310	8,350
Net book value				
At 1 April 2008	9	2,368	409	2,786
At 31 March 2009	9	2,627	706	3,342
Association				Computers and office equipment £'000
Cost				
At 1 April 2008				3,230
Additions				547
At 31 March 2009				3,777
Accumulated depreciation				
At 1 April 2008				2,826
Depreciation charged in year				267
At 31 March 2009				3,093
Net book value				
At 1 April 2008				404
At 31 March 2009				684

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Investment in subsidiaries

The Association owns 1 ordinary £1 share in each of St Pancras & Humanist Housing Association Limited (1% of issued share capital), Griffin Housing Association Limited (13% of issued share capital) and Origin Finance Limited (100% of issued share capital).

St Pancras & Humanist Housing Association Limited owns 3 ordinary £1 shares (75% of issued share capital) and Griffin Housing Association Limited owns 1 ordinary £1 share (25% of issued share capital) in Origin Properties Limited.

St Pancras & Humanist Housing Association Limited owns 998 ordinary £1 shares (99.8% of issued share capital) in St Pancras Street Properties Limited.

The country of incorporation for all these companies was England and the activities of each entity are detailed in the Operating and Financial Review on pages 6 to 10.

As required by statute, the financial statements consolidate the results of St Pancras & Humanist Housing Association Limited, Griffin Housing Association Limited, Origin Finance Limited and Origin Properties Limited which were members of the Group for the whole of the year. The Association has the right to appoint members to the boards of the Group members and thereby exercises control over them. Origin Housing Group Limited is the ultimate parent undertaking.

During the year the Association provided management services for St Pancras & Humanist Housing Association Limited, Griffin Housing Association Limited and Origin Properties Limited.

16 Properties for sale

Group	2009 £ '000	2008 (restated) (note 2) £ '000
Properties under construction	1,575	807
Completed properties	17,864	3,561
	<u>19,439</u>	<u>4,368</u>

17 Debtors

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Rent and service charges receivable	3,573	3,039	-	-
Provision for bad and doubtful debts	(1,799)	(1,491)	-	-
	<u>1,774</u>	<u>1,548</u>	<u>-</u>	<u>-</u>
Social Housing Grant receivable	2,643	6,597	-	-
Commercial rent and service charge arrears	377	162	-	-
Amounts due to group companies	-	-	2,404	1,532
Prepayments and accrued income	1,313	5,193	125	-
Other debtors	2,225	4,380	20	107
	<u>8,332</u>	<u>17,880</u>	<u>2,549</u>	<u>1,639</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Current asset investments

Group	2009 £ '000	2008 £ '000
Other investments (COIF Account)	467	644
Speedwell Housing Society Limited	10	15
	<u>477</u>	<u>659</u>

Listed investments are carried at market value. The historical cost of the other investments is £400k.

19 Creditors: amounts falling due within one year

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Debt (note 21)	3,673	11,072	-	10
Trade creditors	828	943	37	19
Grants received in advance	114	1,338	-	-
Amounts owed to group companies	-	-	2,814	1,282
Recycled capital grant fund (note 22)	1,084	3,039	-	-
Capital grants repayable	2,640	-	-	-
Corporation tax	10	27	8	27
Other taxation and social security	241	253	65	95
Leaseholder sinking funds	509	442	-	-
Accrued interest	2,263	1,605	-	-
Capital accrual	2,109	3,168	-	-
Rent received in advance	-	257	-	-
Deferred income	1,299	674	-	-
Other creditors and accruals	4,268	3,731	422	641
	<u>19,038</u>	<u>26,549</u>	<u>3,346</u>	<u>2,074</u>

Social Housing Grants received in advance will be utilised against capital expenditure in the next financial year.

Capital grants repayable relates to an overpayment by the Housing Corporation.

20 Creditors: amounts falling due after more than one year

Group	2009 £ '000	2008 £ '000
Debt (note 21)	159,978	117,297
Recycled capital grant fund (note 22)	1,112	1,831
	<u>161,090</u>	<u>119,128</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Debt

Group	2009 £ '000	2008 £ '000
Due within one year		
Bank overdraft	68	254
Bank loans	3,636	10,818
	<u>3,704</u>	<u>11,072</u>
	(31)	-
	<u>3,673</u>	<u>11,072</u>
Due after more than one year		
Bank loans	160,368	117,247
Other loans	50	50
	<u>160,418</u>	<u>117,297</u>
	(440)	-
	<u>159,978</u>	<u>117,297</u>
Between one and two years	2,880	2,965
Between two and five years	14,135	2,300
In five or more years	143,403	112,032
	<u>160,418</u>	<u>117,297</u>
	(440)	-
	<u>159,978</u>	<u>117,297</u>
Deferred financing costs		
Within one year	3,704	11,072
Deferred financing costs	(31)	-
	<u>3,673</u>	<u>11,072</u>

The bank loans are secured by fixed charges on individual properties.

The bank and other loans are repaid at various times of the year. The interest rates are a mixture of fixed and variable rates, and range from 1.49% to 20.84% (2008: 4.1% to 17.5%).

The interest of 20.84% relates to £2.3m which is repayable in August 2010. The interest payable is fully recoverable.

At 31 March 2009 the Group had undrawn loan facilities of £77.8m (2008: £31.8m) of which £34.5m (2008: £7.8m) has security in place.

22 Recycled capital grant fund

Group	2009 £ '000	2008 £ '000
At 1 April	4,870	4,928
Grants recycled	198	474
Interest accrued	167	273
Purchase/ development of properties	(3,039)	(805)
At 31 March	<u>2,196</u>	<u>4,870</u>
Disclosed as:		
Amounts falling due within one year (note 19)	1,084	3,039
Amounts falling due after more than one year (note 20)	1,112	1,831
	<u>2,196</u>	<u>4,870</u>
Amount due for repayment to the Homes and Communities Agency	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Provisions for liabilities and charges

Group	2009 £ '000	2008 £ '000
At 1 April	-	353
Released in the year	-	(353)
At 31 March	-	-

In 2007 there was a provision of £353k in respect of development works at one of our sites, which is no longer required.

24 Non-equity share capital

Association	2009 £ '000	2008 £ '000
Shares of £1 each issued and fully paid		
At 1 April	7	8
Shares issued during the year	-	-
Shares surrendered during the year	-	(1)
At 31 March	7	7

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

25 Reserves

Group	Revaluation Reserve £ '000	Revenue Reserve £ '000	Negative Goodwill/ Loan Premium £ '000	Designated Reserve £ '000	Total Reserves £ '000
At 1 April 2008 as previously stated	24,289	40,688	4,271	686	69,934
Prior year adjustment (note 2)	-	437	-	-	437
At 1 April 2008 as restated	24,289	41,125	4,271	686	70,371
Surplus for the financial year	-	1,406	-	-	1,406
Revaluation deficit	(7,665)	-	-	-	(7,665)
Transfers from/ (to) revenue reserve	-	(26)	(35)	61	-
Unrealised deficit on investments	(182)	-	-	-	(182)
Loan Premium	-	50	(50)	-	-
At 31 March 2009	16,442	42,555	4,186	747	63,930

The designated reserve is maintained for sheltered scheme commitments. This is reflected in the accounting policies on page 22.

Association

	Revenue Reserve £ '000
At 1 April 2008	32
Surplus for the financial year	6
At 31 March 2009	38

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 Financial commitments

Capital expenditure commitments were as follows:

Group	2009 £ '000	2008 £ '000
Expenditure contracted for but not provided in the accounts	36,455	38,091
Expenditure authorised by the Board, but not contracted	22,832	-
	<u>59,287</u>	<u>38,091</u>

The above commitments will be financed primarily through borrowings and Social Housing Grant.

Commitments under operating leases were as follows:

Office equipment and computers

Group	2009 £ '000	2008 £ '000
Operating leases which expire:		
- Within one year	15	19
- One to five years	56	51
	<u>71</u>	<u>70</u>

27 Contingent liabilities

The Group and the Association had no contingent liabilities for this or the previous year.

28 Reconciliation of operating surplus to net cash flow from operating activities

	2009 £ '000	2008 (restated) (note 2) £ '000
Operating surplus	7,608	7,395
Depreciation of housing properties	1,369	1,631
Depreciation of other fixed assets	797	600
Impairment of housing properties	148	-
Impairment of other fixed assets	53	-
	<u>9,975</u>	<u>9,626</u>
Working capital movements		
Properties for sale	(15,071)	(4,368)
Debtors	5,594	(11,586)
Creditors	1,504	(579)
Goodwill	-	(67)
Net cash inflow/ (outflow) from operating activities	<u>2,002</u>	<u>(6,974)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 Reconciliation of net cash flow to movement in net debt

	2009 £ '000	2008 £ '000
(Increase)/ decrease in cash	(5,070)	2,896
Cash inflow from increase in debt	35,468	34,341
Increase in net debt from cash flows	<u>30,398</u>	<u>37,237</u>
Change in market value of investments	182	57
Total changes in net debt for the period	<u>30,580</u>	<u>37,294</u>
Net debt at 1 April	126,552	89,258
Net debt at 31 March	<u><u>157,132</u></u>	<u><u>126,552</u></u>

30 Analysis of net debt

	1 April 2008 £ '000	Cash Flow £ '000	Non-cash movement £ '000	31 March 2009 £ '000
Cash at bank and in hand	1,158	4,884	-	6,042
Bank Overdraft	(254)	186	-	(68)
Changes in cash	<u>904</u>	<u>5,070</u>	<u>-</u>	<u>5,974</u>
Current asset investment	659	-	(182)	477
Loans	(128,115)	(35,468)	-	(163,583)
Changes in net debt	<u><u>(126,552)</u></u>	<u><u>(30,398)</u></u>	<u><u>(182)</u></u>	<u><u>(157,132)</u></u>

31 Financial assets and liabilities

Financial assets

Other than short-term debtors, financial assets held are cash deposits placed on money markets at call and COIF charity funds.

Group	2009 £ '000	2008 £ '000
Sterling	477	659

Financial liabilities excluding trade creditors – interest rate risk profile

The Associations financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Group's financial liabilities at 31 March was:

	2009 £ '000	2008 £ '000
Floating rate	66,985	59,395
Fixed rate	97,138	68,974
Total (note 21)	<u><u>164,123</u></u>	<u><u>128,369</u></u>

The fixed rate financial liabilities have a weighted average interest rate of 6.51% (2008: 6.4%) including leasebacks and the average period for which it is fixed is 20 years (2008: 18 years).

The floating rate financial liabilities comprise bank loans and overdrafts that bear interest at rates based on the six-month LIBOR.

The debt maturity profile is shown in note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**31 Financial assets and liabilities (continued)****Borrowing facilities**

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2009 £ '000	2008 £ '000
Expiring in more than two years	77,778	31,795

32 Related parties

The Association has taken the advantage of the exemption conferred by Financial Reporting Standard 8, *Related Party Disclosures*, that allows it not to disclose transactions.

There are two tenant members of the Board, John Toomey and Jacqui Archer. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

33 Post balance sheet events

At the balance sheet date the subsidiary company, Origin Properties Limited held £16 million of stock. This consisted of one building which was sold after the balance sheet date for £18 million.