



Financial Statements
for the 15 months ended 31 March 2010

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Board of Management

Members

Sarah Dixon (Chairman)
David Hunt (Vice-Chairman)
Elizabeth Barrett
Steve Binks (Executive member, appointed 1 April 2009)
Vivien Farrow (Managing Director, Executive Member)
Dawn Henry
Sam Morton
Peter Shields
Judith Tait
Paul Watkinson
Neil White

Senior Staff

Vivien Farrow (Managing Director)
Quinto Gavita (Finance Director / Joint Deputy Chief Executive)
Wayne Tatlow (Housing Services Director / Joint Deputy Chief Executive)

Company Secretary

Chris Martin (appointed 1 April 2009)

Registered Office

305 Gray's Inn Road
London
WC1X 8QR

Bankers

Barclays Bank plc
Norfolk & Waveney Business Centre
PO Box 614
1st Floor, St Cuthbert's House
7 Upper King Street
Norwich
NR3 1WX

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

Solicitors

Mills & Reeve, Norwich
The Association, as a member of Places for People Group, also has access to the Group solicitors set out below:
Devonshires, London
Trowers & Hamblins, London

Registered Auditors

KPMG LLP
St James' Square
Manchester
M2 6DS

Registration of the Association

The Association is incorporated under the Industrial and Provident Societies Act 1965 (Registered number IP19473R) and is registered under the Housing Act (Registered number L0284). It is also affiliated to the National Housing Federation and has charitable status.

REPORT OF THE BOARD OF MANAGEMENT FOR THE 15 MONTHS ENDED 31 MARCH 2010

The Board of Management presents its Report and Financial Statements for the 15 months ended 31 March 2010.

NATURE OF THE ASSOCIATION

Cotman Housing Association is a non-profit-making housing association registered with the FSA as an Industrial and Provident Society with charitable status. The Association was founded in 1970 and registered by the Housing Corporation in 1975.

The Association joined the Places for People Group as a subsidiary on 1 April 2009 and undertake its activities in accordance with the terms and conditions of an Independence and Responsibility Agreement.

As at 31 March 2010 the Association had housing stock of 1,357 properties, at cost before depreciation of £64.4m. In addition, the Association managed 766 properties on behalf of other members of the Places for People Group and 48 properties for other housing related agencies. At 31 March 2010 fifty people were employed in full or part-time posts, either directly or indirectly through secondment or agency contracts

RESERVES

At 31 March 2010 the Association's revenue reserve stood at £11.6m. This sum includes an amount of £2.1m formerly designated as a planned maintenance reserve which has been released in accordance with Places for People Group accounting principles.

STATEMENT OF PURPOSE

The Statement of Purpose of the Association is to provide the highest standard of appropriate, high quality well designed and maintained affordable homes to people in housing need, and to ensure those people are given such specialised housing care and support as required.

PRINCIPAL ACTIVITY

The principal activity of the Association is the provision of rented housing at affordable rents to those most in need.

The Association also provides housing to qualifying people of limited means through the alternative tenures of shared ownership and leasehold for the elderly and an agency management service to other not-for-profit organisations.

BOARD AND COMMITTEE STRUCTURE

Within the boundaries and scope of its Independence and Responsibilities Agreement with Places for People Group, the affairs of Cotman Housing Association are directed by the Board of Management.

Under the direction of the Board of Management the Association is managed by a senior team of its Managing Director and its Finance and Housing Services Directors. The senior team is to be restructured from June 2010, with Finance and Housing Services Directors posts replaced with those of Director of Neighbourhood and Support Services and Director of Asset Management and Property Services.

THE BOARD OF MANAGEMENT AND EXECUTIVE

The Board of Management of the Association are listed on page 2.

The Managing Director of the Association and the Places for People Group Director, Finance and IT, are executive members of the Board of Management.

Board members may only be appointed with the prior agreement of the Places for People Group. All Board Members with the exception of executive members receive a small payment in recognition of the contribution they make to the work of the Association.

The Senior Staff members hold no interest in the Association's share capital.

CORPORATE GOVERNANCE

The Association has adopted the National Housing Federation's code of practice on governance "Excellence in Governance – code for members (2009)" and aims to comply with it fully. A statement of compliance is contained within the Association's Annual Report.

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

The Board of Management (the Board) is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial period. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

At the time of approval of this report:

- a) so far as the Board of Management is aware, there is no relevant audit information of which the Association's auditor is unaware, and
- b) Members of the Board have taken all steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

Working within the authority delegated to it from the Places for People Group under the Independence and Responsibilities Agreement, the Cotman Board of Management is responsible for maintaining and reviewing the Association's system of internal control. The Group's Audit & Risk Committee is responsible to the Group Board for monitoring this system and reporting on its effectiveness.

Any such system can provide reasonable but not absolute assurance against material misstatement or loss, and the development of the system is a continuing process.

The Cotman Board of Management monitors and steers the development and implementation of enhancements to the risk management processes and reports to the Group's Audit & Risk Committee and Group Board as appropriate. Key tasks for the Board of Management are overseeing the development of risk policy together with the review and refining of the Risk Management Framework and associated Risk maps.

In July 2007 the Housing Corporation issued circular 07/07 on internal controls assurance which codified the applicability to Registered Social Landlords of the provisions of the Combined Code on Corporate Governance. The Circular remained in force until 1 April 2010 as part of the regulatory framework of the Tenant Services Authority which succeeded the Housing Corporation as Regulator from 1 December 2008. On 1 April 2010, the Circular was withdrawn following the introduction on that date of the Tenant Services Authority's new regulatory framework. The Board believes that, for the year ended 31 March 2010, Cotman Housing Association had in place the frameworks required to comply with the requirements of the circular 07/07. The Board of Management is of the view that the Association complies with the NHF's Excellence in Governance – code for Members (2009) and with the Tenant Service Authority's new regulatory framework.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some key elements of the control framework includes:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. This process is co-ordinated through a reporting framework under which the management team meets regularly and considers significant risks facing the Association. The Managing Director is responsible for reporting to the Board any significant changes affecting key risks.

Monitoring and corrective action

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

The internal control framework and the risk management process are subject to regular review by the Group's Business Assurance team who are responsible for providing assurance to the Board and the Group Audit & Risk Committee. The Board and its two Strategy Groups of Neighbourhoods and Communities and Asset Management consider internal control and risk at meetings during the year.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues and new investment projects.

The Board had adopted, and disseminated to all employees, the NHF code of governance "Excellence in Governance – code for Members (2009)". This sets out the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Fraud risk management

There are policies and procedures to minimise the potential occurrence of fraud and to investigate fraud when it occurs. Following the Association's entry into the Places for People, Group procedures are being adopted where practicable to do so.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes, and summaries of quarterly management accounts.

The Board has received the Managing Director's annual report, has conducted its annual review of effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process had been in place throughout the period under review, up to the date of the annual report, and is regularly reviewed by the Board.

No significant weaknesses have been identified as a result of this process

REVIEW OF ACTIVITIES

Entry into the Places for People Group

The 2008 audited financial statements advised that the Association was in discussion with the Places for People Group with a view to Group entry.

The Tenants' Services Authority confirmed its approval to the Business case for the merger on 6 March 2009. A Special General Meeting was held the same day, at which shareholders voted unanimously in support of the Board of Management's proposal that the Association enter the Places for People Group, and adopted at that meeting the Rule changes necessary to do so.

The Association formally entered the Places for People Group as a subsidiary on 1 April 2009, following which the Association took on the management of Places for People's housing stock of 766 properties in Norfolk and Suffolk.

Change of Registered Office

The Association's registered office was changed in August 2009, to 305 Gray's Inn Road, London, in line with other companies within the Places for People Group.

Board Membership and Review

Steve Binks, Places for People Group Director, Finance and IT, was appointed as an executive member of the Board on 1 April 2009, following the Association's entry into the Group. Chris Martin, Group Legal Services Director and Company Secretary was appointed Company Secretary

Sarah Dixon was re-elected as Chair of the Board of Management and David Hunt as Board Vice-Chair at the Annual General Meeting in May 2009. Paul Watkinson was also re-appointed as Chair of the Residents Forum Panel (becoming a Resident representative on the Board of Management).

Board appraisal and individual member reviews were undertaken during the year, with each Board member agreeing individual development targets.

Customer Representation and Involvement

Following a series of meetings between the Association's Residents Forum Panel and Places for People's Area Customer Liaison Panel, the two groups combined into a new Group, named the Cotman Customer Liaison Panel (CCLP).

A member of the CCLP represents Cotman at national level on the Group's Customer Involvement Panels.

Cotman reserves two seats on its Board of Management for customer representatives, one of which is currently filled, by the Chair of the CCLP. The Board intends to recruit to the second seat during 2010, when the resident involvement structure is further developed.

Integration of Cotman and Places for People's Staff

Places for People's three Norwich based staff moved into Cotman's office during May 2009, and have integrated into Cotman's housing services team under the line management of Cotman's Operations and Property Services Managers. The PfP establishment at that time also included two vacant posts, which have, and continue to be, filled by temporary staff pending a restructure of Cotman's service delivery teams.

Working space is also provided for members of the Group's sales and marketing team within the Cotman office.

Discussions are currently taking place with Cotman staff with a view to moving to Group terms and conditions of employment, with salary adjustments where needed to match to similar jobs within Group.

Systems Integration and Group Support Services

Cotman took responsibility for the management of Group stock from April 2009, with computer links giving full access to the Group systems installed in December 2009.

Cotman stock was transferred onto Group systems at the end of January 2010, allowing performance reports for the management of Cotman stock to be produced in the same format as those for Group owned stock.

The primary support services provided to Cotman by Group are as follows:

- HCA lead development partner support
- Income posting
- Invoice payments
- Payroll
- Management accounts (temporary arrangement pending recruitment)
- Customer Contact Centre (being progressed for go-live June/July)

Housing and Property Management

The total number of properties in management by the Association at 31st March 2010 was 2,171. This included 766 homes owned by other members of the Places for People Group and 48 properties managed on behalf of other agencies.

Shared ownership and Leasehold Scheme for the Elderly stock numbers remained static during the year, at 36 and 62 respectively, with sheltered and supported housing units increasing to 155.

The Association continued its ongoing programme of planned maintenance and property maintenance work to its own stock, maintaining 100% ongoing compliance with the Decent Homes Standard. We also commenced Decent Homes work on the Group owned stock in our management, with the objective of achieving 100% compliance by the end of December 2010.

In our first 12 months of management of Group owned stock we improved performance in all key areas of housing and property management, at the same time maintaining our historic high performance for Cotman owned properties.

Efficiency

The Board is committed to delivering an effective and efficient service to customers and other stakeholders and plans to employ a range of techniques to increase efficiency including:

- Improving the quality of services whilst reducing costs;
- Working through the Eastern Procurement Consortium and Group National contracts for the contracting of planned and cyclical maintenance labour services;
- Reducing void periods and tenancy turnover rates;
- Increasing rent collection;
- Utilising Group IT systems to improve operational efficiency;
- Proactively managing costs to keep within budget, business plan and targets;
- Setting future performance targets with efficiency gain requirements in mind

Development

Work completed on a 12 unit Domestic Violence Refuge in Norwich and a rural housing scheme of 8 houses and bungalows at Burston, both partially funded with the aid of grant from the Homes and Communities Agency. Sixteen flats at Northumberland Street, Norwich, were also acquired from a local developer through the Section 106 element of a larger scheme.

With the aid of a Grant from Norfolk Social Services, a bungalow was acquired in Hemsby, Great Yarmouth, for conversion as accommodation for three adults with learning difficulties. The project is due to be handed over in the summer of 2010.

HCA grant funding was received for 5 assisted living flats in Norwich for people with learning difficulties, and it is anticipated work will commence in the summer of 2010.

Iceni Homes and the Key Communities Development Partnership

Iceni Homes Limited is a joint venture development company formed in 2004 by Cotman and its two joint venture partners Colne and Suffolk Housing Societies, based in Colchester and Bury St Edmunds respectively.

The Association exited Iceni Homes at the end of January 2009, transferring its shares in the company to Hundred Houses Society at nominal face value.

Iceni Homes continued to project manage schemes in development at Burston and Armes Street, Norwich. Following receipt of the final grant payment for these schemes and resolution of all outstanding issues, the Association will also exit the Key Communities development partnership led by bpha, thereafter undertaking development through Places for People.

Post Balance Sheet Events

The Board considers that there have been no events since the period end that have had an important effect on the financial position of the Association.

Going Concern

After making enquiries the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. 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 Friday 27 August 2010.

Summary

2009 was a milestone year for Cotman Housing Association, in which the Association gave up its status as an independent association and entered the Places for People Group structure, one of the largest and most innovative housing groups in the Country.

It has been a year of hard work and challenge for staff as we migrated to Group systems whilst managing a 40% increase in stock. This effort has been well rewarded with a significant improvement in service delivery performance across all areas of management for the Places for People customers.

The merger plays to the strengths of both organisations, combining the large scale regeneration and development expertise of Places for People with Cotman's strong experience and reputation in housing management and high-quality customer services. We are confident that membership of the Group will secure our position as a major provider of high quality social housing in our area of operation in years to come.

By the order of the Board

C Martin
Company Secretary

28 July 2010

Report of the independent auditors to the members of Cotman Housing Association

We have audited the financial statements of Cotman Housing Association for the 15 month period ended 31 March 2010 which comprise the Income and Expenditure Account, the Statement of Total Recognised Surpluses and Deficits, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The responsibility of the association's Board for the preparation of the Board's report and the preparation of financial statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities on page 4.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31st March 2010 and of its surplus for the 15 months then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

M. Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James Square,
Manchester,
M2 6DS
6 August 2010

INCOME AND EXPENDITURE ACCOUNT

For the 15 months ended 31 March 2010

		15 months ended 31 March 2010	Year ended 31 December 2008 As restated
	Notes	£'000	£'000
Turnover	2	9,343	4,827
Operating costs	2	(5,589)	(3,580)
Operating surplus		<u>3,754</u>	<u>1,247</u>
Surplus on sale of fixed assets		-	155
Interest receivable and similar income	7	4	80
Interest payable and similar charges	8	(1,601)	(1,190)
Surplus on ordinary activities before and after taxation		<u><u>2,157</u></u>	<u><u>292</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 15 months ended 31 March 2010

	15 months ended 31 March 2010	Year ended 31 December 2008 As restated
	£'000	£'000
Surplus for the Financial Period	2,157	292
Prior Period adjustment (as explained in note 33)	117	-
Total gains and losses recognised since last financial statements	<u><u>2,274</u></u>	<u><u>292</u></u>

The notes on pages 16 to 36 form an integral part of these financial statements.

The Association has not acquired or discontinued activities other than those disclosed above.

There is no difference between the surplus on ordinary activities before taxation and the surplus for the period stated above, and their historical cost equivalents.

Balance Sheet
 As at 31 March 2010

		15 months ended 31 March 2010	Year ended 31 December 2008 As restated
	Notes	£'000	£'000
Fixed assets			
Housing properties - depreciated cost	11	61,406	58,247
Less: Social Housing Grant	11	(32,282)	(31,477)
Net book value of housing properties		<u>29,124</u>	<u>26,770</u>
Other tangible fixed assets	12	2,134	2,172
Total fixed assets		<u>31,258</u>	<u>28,942</u>
Current assets			
Debtors and prepayments	14	1,569	471
Investments	15	1,544	1,206
Cash at bank and in hand		409	94
		<u>3,522</u>	<u>1,771</u>
Creditors - Amounts falling due within one year	16	<u>(1,425)</u>	<u>(1,846)</u>
Net current assets / (liabilities)		<u>2,097</u>	<u>(75)</u>
Total assets less current liabilities		<u>33,355</u>	<u>28,867</u>
Creditors: amounts falling due after more than one year	17	21,789	19,458
Capital and Reserves			
Called up share capital	19	-	-
Revenue reserves	21	11,566	9,409
Total capital and reserves		<u>11,566</u>	<u>9,409</u>
		<u>33,355</u>	<u>28,867</u>

The notes on pages 16 to 36 form an integral part of these financial statements.

The financial statements on pages 13 to 36 were approved by the Board of Directors on 20 July 2010 and were signed on its behalf by:

 S J Dixon
 Chairman

 N White
 Board member

 C Martin
 Company Secretary

CASH FLOW STATEMENT

for the 15 months ended 31 March 2010

		15 months ended 31 March 2010		Year ended 31 December 2008 As restated	
	Note	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	22		1,266		1,852
Returns on investments and servicing of finance					
Interest received		4		80	
Interest paid		(1,619)		1,120	
Net cash outflow from returns on investments and servicing of finance			(1,615)		(1,040)
Capital expenditure and financial investment					
Acquisition and construction of housing properties		(1,859)		(3,477)	
Purchase of other fixed assets		(36)		(1,956)	
Social housing grants received		744		1,577	
Sales of other fixed assets		-		668	
Net Cash outflow for capital expenditure and financial investments			(1,151)		(3,188)
Cash outflow before management of liquid resources and financing			(1,500)		(2,376)
Management of liquid resources					
Cash to money market deposits and notice accounts	23		(338)		(486)
Financing					
Loan advances received		2,421		5,175	
Loan principal repayments		(268)		(71)	
Loan redemption repayments		-		(3,120)	
Net Cash inflow from financing			2,153		1,984
Increase/ (decrease) in cash			315		(878)

The notes on pages 16 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2009 TO 31 MARCH 2010

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority as a Registered Social Landlord as defined by the Housing Act 1996.

1 PRINCIPAL ACCOUNTING POLICIES

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

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006 and the SORP published in May 2008.

1.2 Turnover

Turnover represents rental income and service charges receivable, net of rent and service charge losses from voids, and agency management fees receivable.

1.3 Supporting People contracts

The Association receives income from Block Subsidy contracts where the income is collected from tenants under the terms of the tenancy agreement and is included within "Service charges receivable" as part of income from social housing lettings within turnover in the Income and Expenditure Account. Bad debts are included within "Operating costs on social housing lettings" and debtors are included within "Rent arrears" under "Debtors".

1.4 Tangible fixed assets and depreciation

Housing land and properties are stated at cost. The cost of properties is their purchase price together with costs of acquisition and improvements, including related development costs and interest payable.

Fixed assets, other than freehold land, are depreciated in accordance with FRS 15 at rates calculated to reduce the net book value of each component element to its residual value, on a straight line basis, over the expected remaining useful economic life of the component. Freehold land is not depreciated. The estimated lives of assets and components are shown in the table below:

1. PRINCIPAL ACCOUNTING POLICIES (contd.)

<u>Assets</u>	<u>Depreciation Period (Years)</u>
<u>Rented Housing & Commercial Properties:</u>	
Kitchens	20
Bathrooms	20
Boilers	15
External Windows & Doors	30
Roofs	45
Fire Safety Systems.	20
Fencing	30
Digital TV Aerials	10
Lifts	20
Aids and adaptations	10
Initial and replacement scheme assets	From 1 to 5
Other Elements (new build)	100
Other Elements (rehab)	80
Other Elements (Leasehold)	Lesser of Term of Lease or 100 years
<u>Shared Ownership Housing</u>	
All Elements (new build)	100
All Elements (rehab)	80
All Elements (Leasehold)	Lesser of Term of Lease or 100 years
<u>Other Fixed Assets:</u>	
Offices (new build)	100
Offices (rehab)	80
Office refurbishment	10
Offices (long leasehold)	Lesser of Term of Lease or 100 years
Offices (short leasehold)	Terms of Lease
Equipment	5
Cars and commercial vehicles	5
Computer hardware, software and infrastructure	5

The Association adopted full implementation of component accounting using the depreciation periods outlined above, upon joining the Places For People Group on 1 April 2009. This implemented a catch up depreciation charge of £83,000 in the period to 31 March 2010 in respect of those component elements of assets where the economic life was shorter than the larger component asset of which they were previously part.

1 PRINCIPAL ACCOUNTING POLICIES (contd.)

1.5 Impairment

For fixed assets with a remaining economic life greater than 80 years an impairment review is carried out on an annual basis in accordance with FRS 11. For all other assets an impairment review of assets is undertaken when there is an indication that the asset may be impaired. If assets are found to be impaired the amount of impairments is disclosed in Note 3, analysis of income and expenditure.

1.6 Negative goodwill

Negative goodwill (which arose on the acquisition of the Spiritualist's Housing Association) was previously amortised to the income and expenditure account over the same period for which depreciation is charged on the housing property acquired (over 38 years).

On joining the Places for People Group, the Association has adopted the Group policy of recognising fair value gains on acquisitions immediately in the period in which they occurred.

This change of accounting policy has necessitated a prior period adjustment (see note 33)

1.7 Social Housing Grant

Where developments have been financed wholly or partly by social housing grant (SHG), the cost of those developments has been reduced by the amount of the grant receivable.

Social housing grant which is received in arrears or in advance of total development costs is shown as a current asset or liability.

Social housing grant can be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Housing Corporation. However, SHG may have to be repaid if certain conditions are not met. Recycled grant not utilised is shown within the creditors in the Recycled Capital Grant Fund. Social housing grant is a subordinated unsecured repayable debt.

1 PRINCIPAL ACCOUNTING POLICIES (contd.)

1.8 Recycled Capital Grant

Where social housing grant is recycled, as described above, the grant is credited to the Recycled Capital Grant Fund which is shown as a creditor until spent.

1.9 Capitalisation of interest and development costs

Interest on loans financing the development programme, or on net borrowing to the extent that it is deemed to be financing development, is capitalised up to the date of completion of the scheme.

Development costs relating to the construction of housing properties are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into use.

1.10 Pension costs

The Association participates in a multi-employer defined benefits scheme, The Social Housing Pension Scheme operated by The Pensions Trust, and retirement benefits to the Association's employees are funded by contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole.

Since the scheme cannot be split between participating employers, it has been accounted for as a defined contribution scheme. The cost of providing retirement pensions and related benefits is charged to operating cost over the periods benefiting from the employees' services.

1.11 Designated reserve

The Association previously designated a portion of revenue reserves to indicate sufficient cover for future planned maintenance and major repairs expenditure in accordance with a planned programme to replace building components over their expected life cycle.

On joining the Places for People Group, the Association has adopted Group accounting policy to maintain a single revenue reserve. This has been adjusted for the prior period. There is no impact on prior period reserves (see note 21).

1 PRINCIPAL ACCOUNTING POLICIES (contd.)

1.12 Loan finance issue costs

Loan issue costs are written off evenly over the life of the related loan. Loans are stated in the Balance Sheet at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off.

1.13 Property managed by agencies

Where the agency carries the financial risk, the Income and Expenditure Account includes only that income and expenditure which relates solely to the Association. Other income and expenditure of property in this category is excluded from the Income and Expenditure Account.

1.14 Service charge sinking funds

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders are included in liabilities along with interest credited to the fund. These funds are held in a separate bank account with any interest credited or taxation charges debited as appropriate.

1.15 VAT

The Association is only able to reclaim a small percentage of the value added tax (VAT) it incurs. This irrecoverable tax is a cost to the Association and consequently all figures within these financial statements are inclusive of VAT.

2 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	15 months ended 31 March 2010				Year ended 2008 As restated			
	Turnover	Costs of sales	Operating costs	Operating surplus	Turnover	Costs of sales	Operating Costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lettings Activities								
Social housing lettings (note 3)	9,131	-	(5,410)	3,721	4,696	-	(3,323)	1,373
Other Social Housing Activities								
Domestic care	-	-	-	-	-	-	-	-
Supporting People	119	-	(70)	49	-	-	-	-
Non-social housing activities								
Other	93	-	(109)	(16)	131	-	(257)	(126)
Total	<u>9,343</u>	<u>-</u>	<u>(5,589)</u>	<u>3,754</u>	<u>4,827</u>	<u>-</u>	<u>(3,580)</u>	<u>1,247</u>

3. INCOME AND EXPENDITURE FROM HOUSING LETTINGS

	15 months ended 2010						
	General Needs Housing	Supported Housing & Housing for Older People	Low Cost Home Ownership	Other	Total Social	Non Social	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings activities							
Rent receivable net of service charges	7,336	659	133	1	8,129	8	8,137
Service charges receivable	473	409	71	25	978	-	978
Gross rents receivable	7,809	1,068	204	26	9,107	8	9,115
Other income	16	-	-	-	16	-	16
Total income	7,825	1,068	204	26	9,123	8	9,131
Expenditure on social housing lettings activities							
Services	(467)	(302)	(35)	(21)	(825)	-	(825)
Care costs	(1)	(20)	-	-	(21)	-	(21)
Management	(1,175)	(201)	(48)	(1)	(1,425)	(1)	(1,426)
Routine maintenance	(953)	(119)	(24)	-	(1,096)	(3)	(1,099)
Planned maintenance	(220)	(58)	(25)	-	(303)	-	(303)
Rent losses from bad debts	(162)	(15)	(3)	-	(180)	-	(180)
Major repairs expenditure	(54)	(3)	-	-	(57)	-	(57)
Depreciation on housing assets	(495)	(95)	(6)	-	(596)	-	(596)
Impairment of housing assets	-	(32)	-	-	(32)	-	(32)
Other costs	(737)	(103)	(23)	(7)	(870)	(1)	(871)
Total expenditure on lettings	(4,264)	(948)	(164)	(29)	(5,405)	(5)	(5,410)
Operating surplus	3,561	120	40	(3)	3,718	3	3,721
Void Losses	(86)	(6)	-	-	(93)	-	(93)

3. INCOME AND EXPENDITURE FROM HOUSING LETTINGS

	Year ended 2008 As restated						
	General Needs Housing	Supported Housing & Housing for Older People	Low Cost Home Ownership	Other	Total Social	Non Social	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from social housing lettings activities							
Rent receivable net of service charges	3,619	385	73	-	4,077	-	4,077
Service charges receivable	280	251	1	87	619	-	619
Gross rents receivable	3,899	636	74	87	4,696	-	4,696
Other income	-	-	-	-	-	-	-
Total income	3,899	636	74	87	4,696	0	4,696
Expenditure on social housing lettings activities							
Services	(291)	(182)	-	(87)	(560)	-	(560)
Care costs	(1)	(75)	-	-	(76)	-	(76)
Management	(636)	(176)	(11)	-	(823)	-	(823)
Routine maintenance	(902)	(49)	-	-	(951)	-	(951)
Planned maintenance	(467)	(4)	-	-	(471)	-	(471)
Rent losses from bad debts	(34)	(2)	-	-	(36)	-	(36)
Major repairs expenditure	-	-	-	-	-	-	-
Depreciation on housing assets	(381)	(25)	-	-	(406)	-	(406)
Impairment of housing assets	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	-
Total expenditure on lettings	(2,712)	(513)	(11)	(87)	(3,323)	-	(3,323)
Operating surplus	1,187	123	63	-	1,373	0	1,373
Void Losses	(21)	(6)	-	-	(27)	-	(27)

4 BOARD OF MANAGEMENT AND SENIOR EXECUTIVES' EMOLUMENTS

The Association board members comprise non-executive board members (excluding the Managing Director) and the Managing Director.

The emoluments payable to the non-executive directors in the 15 months to 31 March 2010 were £16,884 (Year to 31 December 2008: £14,618).

Total emoluments (excluding pension contributions) for the 15 months to 31 March 2010 payable to the Managing Director were £113,850 (Year to 31 December 2008: £83,530).

Aggregate emoluments payable for the 15 months to 31 March 2010 to the Executive Team (including the Managing Director) including pension contributions were £280,591.43 (Year to 31 December 2008: £219,332).

The Managing Director is an ordinary member of The Social Housing Pension Scheme with no enhanced special terms. There were no additional pension arrangements. The aggregate contribution made by the Association for the 15 months ended 31 March 2010 was £12,729 (Year to 31 December 2008: £9,709).

One member of the Board of Management had their emoluments met by Places for People Group Ltd as they are also a director of other companies within the Places for People Group. These emoluments are disclosed in the Places For People Group financial statements.

	15 months ended 31 March 2010 £'000	Year ended 31 December 2008 £'000
Total expenses reimbursed to members of the Board of Management and senior executives not chargeable to United Kingdom income tax	5	4

5 EMPLOYEE INFORMATION

	15 months ended 31 March 2010	Year ended 31 December 2008
Managing housing services	17	21
Central administration services	16	13
Care services	2	2
	<u>35</u>	<u>36</u>

	15 months ended 31 March 2010 £'000	Year ended 31 December 2008 £'000
Staff costs (for the above persons)		
Wages and salaries	1,167	831
Severance costs	40	-
Social security costs	82	66
Other pension costs	98	68
	<u>1,387</u>	<u>965</u>

6. EMPLOYEE INFORMATION (CONTINUED)

The Social Housing Pension Scheme (SHPS)

1. The Places for People Group participates in SHPS (the Scheme). The Scheme is funded and is contracted-out of the state scheme.

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

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

3.1 Final salary with a 1/60th accrual rate.

3.2 Final salary with a 1/70th accrual rate.

3.3 Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 there are a further two benefit structures available, namely:

3.4 Final salary with a 1/80th accrual rate.

3.5 Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure will be made available from 1 October 2010

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

5. The Places for People Group, excluding Cotman Housing Association Limited, has operated the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2010. Cotman Housing Association Limited (which joined the Places for People Group on 1 April 2009) has operated the final salary with a 1/70th accrual rate benefit structure for active members as at 31 March 2010. This does not reflect any benefit structure changes made from April 2010.

6. The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

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

8. During the accounting period the Group paid contributions at the rate of 17.1%. Member contributions were 7.9%.

9. As at the balance sheet date there were 26 active members of the Scheme employed by the Cotman Housing Association Limited. The annual pensionable payroll in respect of these members was £925,741. The Group has closed the Scheme to new entrants.

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

11. The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

6. EMPLOYEE INFORMATION (CONTINUED)

The Social Housing Pension Scheme (Continued)

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

	% p.a.
Valuation Discount Rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

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

13. The valuation was carried out using the following demographic assumptions:

Mortality pre retirement - PA92 Year of Birth, long cohort projection, minimum improvement 1%p.a.

Mortality post retirement - 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%p.a.

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

Benefit Structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 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
Final salary with a 1/80 th accrual rate	13.5
Career average revalued earnings with a 1/80 th accrual rate	11.9

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

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

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

18. Employers that have closed the Scheme to new entrants, including the Group, are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

6. EMPLOYEE INFORMATION (CONTINUED)

The Social Housing Pension Scheme (Continued)

19. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

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

21. A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan). The Regulator is currently in the process of reviewing the Recovery Plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.

22. The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2009. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,723 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £738 million, equivalent to a past service funding level of 70.0%.

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

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

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

26. The Places for People Group has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SHPS based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Places for People Group (including Cotman Housing Association Limited) was £13,031,000.

Cotman Housing Association Limited
Notes to the Financial Statements
For the 15 months ended 31 March 2010



7 INTEREST RECEIVABLE	15 months ended 31 March 2010 £'000	Year ended 31 December 2008 £'000
Interest receivable from term deposits, bank deposits and building society accounts	4	80
8 INTEREST PAYABLE AND SIMILAR CHARGES	15 months ended 31 March 2010 £'000	Year ended 31 December 2008 £'000
On bank loans, overdrafts and other loans	1,601	1,190
9 SURPLUS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	15 months ended 31 March 2010 £'000	Year ended 31 December 2008 £'000
The surplus on ordinary activities before and after taxation is stated after charging:		
Depreciation and Impairment:		
Tangible fixed assets	799	500
Operating lease payments on plant and machinery	2	-
Auditors' remuneration:		
In their capacity as auditors	23	12
In respect of other services	2	9
(Surplus)/deficit on disposal of tangible fixed assets other than housing properties	-	(155)
10 TAXATION		

The Association has charitable status and is exempt from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988 therefore there is no corporation tax payable in either 2010 or 2009.

11. HOUSING PROPERTIES

	Completed Housing Properties £'000	Completed LSE & Shared Ownership Properties £'000	Housing Properties in the course of construction £'000	Total Housing Properties £'000
Cost				
As at 1 January 2009	56,304	1,791	2,427	60,522
Additions	46	20	3,774	3,840
Schemes Completed in the period	5,526	-	(5,526)	-
As at 31 March 2010	61,876	1,811	675	64,362
Social Housing Grant				
As at 1 January 2009	(29,312)	(1,192)	(973)	(31,477)
Additions	-	-	(805)	(805)
Schemes Completed in in the period	(1,778)	-	1,778	-
As at 31 March 2010	(31,090)	(1,192)	-	(32,282)
Depreciation				
As at 1 January 2009	(2,275)	-	-	(2,275)
Depreciation charges during the period	(644)	(5)	-	(649)
Impairment charges during the period	(32)	-	-	(32)
As at 31 March 2010	(2,951)	(5)	-	(2,956)
Net Book Value at 31 March 2010	27,835	614	675	29,124
Net Book Value at 31 December 2008	24,717	599	1,454	26,770

Housing properties comprise:

	31 March 2010 £'000	31 December 2008 £'000
Freeholds	27,394	24,594
Long leaseholds	1,055	722
	28,449	25,316

Interest capitalised included in housing property additions for the period was £16,000 (2008: £6,000)

12. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000	Plant & Specialist Equipment £'000	Offices/Commercial Properties IM & T Equipment £'000	Freehold £'000	Total £'000
Cost					
As at 1 January 2009	121	133	229	2,059	2,542
Additions	48	9	20	21	98
Disposals	(22)	(1)	(43)	-	(66)
As at 31 March 2010	147	141	206	2,080	2,574
Depreciation					
As at 1 January 2009	(22)	(85)	(164)	(99)	(370)
Charged during the period	(31)	(17)	(32)	(38)	(118)
Eliminated on disposal	4	1	43	-	48
As at 31 March 2010	(49)	(101)	(153)	(137)	(440)
Net Book Value at 31 March 2010	98	40	53	1,943	2,134
Net Book Value at 31 December 2008	99	48	65	1,960	2,172

13 WORKS TO EXISTING HOUSING PROPERTIES

	15 months ended 31 March 2010 £'000	Year ended 31 December 2008 £'000
Total expenditure on works to existing housing properties:	£'000	£'000
-amounts capitalised	2,218	370
-amounts charged to Income and Expenditure account	303	471
	<u>2,521</u>	<u>841</u>

14 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2010 £'000	31 December 2008 £'000 As restated
Amounts falling due within one year:		
Rental debtors	583	278
Less: Provision for bad and doubtful debts	<u>(200)</u>	<u>(56)</u>
	383	222
Other trade debtors	7	
Amounts due from Group undertakings	1,135	-
Sundry debtors, prepayments and accrued income	39	243
Loans to employees	5	6
	<u>1,569</u>	<u>471</u>

15 CURRENT ASSET INVESTMENTS

	31 March 2010 £'000	31 December 2008 £'000 As restated
Bank deposits repayable within one year	<u>1,544</u>	<u>1,206</u>

16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2010 £'000	31 December 2008 £'000 As restated
Housing loans	<u>83</u>	<u>76</u>
	83	76
Interest on housing loans	211	229
Trade creditors	30	45
Other creditors and accruals	585	728
Payments received on account	353	676
Prepaid rent	163	63
Recycled Capital Grant Fund	-	29
	<u>1,425</u>	<u>1,846</u>

17 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2010 £'000	31 December 2008 £'000 As restated
Housing loans	21,784	19,458
Recycled Capital Grant Fund	5	-
	<u>21,789</u>	<u>19,458</u>

Analysis of Debt maturity

	31 March 2010 £'000	31 December 2008 £'000 As restated
Housing loans repayable by instalments:		
In one year or less	83	76
In one year or more but less than two years	2,088	82
In two years or more but less than five years	-	454
In five years or more	2,201	1,500
Housing loans repayable otherwise than by instalments:		
In five years or more	17,664	17,602
	<u>22,036</u>	<u>19,714</u>
Less: loan issue costs	170	180
	<u>21,866</u>	<u>19,534</u>

All housing loans are secured by specific charges on the Association's housing properties and are payable at varying rates of interest.

18 RECYCLED CAPITAL GRANT FUND

	31 March 2010 £'000	31 December 2008 £'000
Brought forward balance	29	29
Returnable funds	(24)	-
Closing balance	<u>5</u>	<u>29</u>

19 NON-EQUITY SHARE CAPITAL AND LOAN STOCK

	31 March 2010	31 December 2008
	£	£
Share capital		
At 1 January 2009	176	176
Issued during the period	-	-
At 31 March 2009	<u>176</u>	<u>176</u>
£1 loan stock		
Shares in Cotman Housing Services Limited converted to loan stock	<u>20</u>	<u>20</u>

On the transfer of engagements of Cotman Housing Services Limited to Cotman Housing Association Limited on 10 February 1997 those members of Cotman Housing Services who were already members of Cotman Housing Association were issued with £1 loan stock in lieu of shares in Cotman Housing Association Limited

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

21 RESERVES

	<u>Revenue Reserves</u>	<u>Planned maintenance</u>	<u>Total</u>
	£'000	£'000	£'000
At 1 January 2009	7,228	2,064	9,292
Prior period adjustment (see note 33)	2,181	(2,064)	117
At 1 January 2009 as restated	<u>9,409</u>	<u>-</u>	<u>9,409</u>
Surplus for the period	2,157	-	2,157
At 31 March 2010	<u>11,566</u>	<u>-</u>	<u>11,566</u>

22 RECONCILIATION OF NET OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	15 months ended £'000	Year ended 31 December 2008 As restated £'000
Operating surplus for the year before interest and taxation	3,754	1,247
Depreciation, impairment and amortisation	(799)	496
Loan issue costs written off	7	8
(Increase)/Decrease in debtors	(1,098)	232
(Decrease) in creditors	(598)	(131)
Net cash inflow from operating activities	1,266	1,852

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	15 months ended £'000	Year ended 31 December 2008 As restated £'000
Increase/ (decrease) in cash in the period	315	(878)
Cash (from)/to money market deposits and notice accounts	338	486
Loan advances received	(2,421)	(5,175)
Loan principle repayments	268	71
Loan redemption repayments	-	3,120
Change in net debt resulting from cashflows	(1,500)	(2,376)
Opening net debt	(18,414)	(16,038)
Closing net debt	(19,914)	(18,414)

24 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2009 £'000	Cashflows £'000	31 March 2010 £'000
Cash at bank and in hand	94	315	409
Debt due within one year	(76)	(7)	(83)
Debt due after one year	(19,638)	(2,146)	(21,784)
Money market deposits and notice accounts	1,206	338	1,544
Net Debt	(18,414)	(1,500)	(19,914)

25 CAPITAL COMMITMENTS

	31 March 2010 £'000	31 December 2008 £'000
Capital expenditure authorised and contracted but not provided for within the financial statements	<u>-</u>	<u>2,026</u>
Capital expenditure that has been authorised by the Board of Management	<u>-</u>	<u>1,517</u>
	<u>-</u>	<u>3,543</u>

26 LEASING COMMITMENTS

At 31 March 2010 the Association had annual commitments under non-cancellable operating leases as below:

	31 March 2010 £'000	31 December 2008 £'000
Operating leases (on plant and machinery) which expire:		
Within one year	<u>-</u>	<u>2</u>

27 HOUSING STOCK

Cotman Housing Association Limited owned the following properties:

	31 March 2010 £'000	31 December 2008 £'000
General needs rental	1,107	1,089
Housing for older people	164	164
Supported housing	50	38
Leased housing where the purchaser has not acquired 100% of the equity	36	36
Total	<u><u>1,357</u></u>	<u><u>1,327</u></u>

Cotman Housing Association Limited managed the following properties:

	31 March 2010 £'000	31 December 2008 £'000
General needs rental	1,789	1,091
Housing for older people	201	203
Supported Housing	61	45
Market Rental	6	0
Leased housing where the purchaser has not acquired 100% of the equity	46	36
Leased housing where the purchaser has acquired 100% of the equity	68	0
	<u><u>2,171</u></u>	<u><u>1,375</u></u>

28 SURPLUS OR LOSS ON DISPOSALS OF FIXED ASSETS

During the fifteen month period ended 31 March 2010, neither surplus or loss was made on the disposal of fixed assets

During the year ended 31 December 2008 the Association disposed of its offices at St Martin's Lane, Norwich for £640,000. The surplus arising on the disposal was £145,000.

In 2008 the Association also sold a small parcel of land to another Registered social Landlord for £10,000.

29 SOCIAL HOUSING GRANT

The total accumulated Social Housing Grant (capital and revenue) at 31 March 2010 was £31.6m. (2008: £32.3m).

30 JOINT VENTURE

In 2004 the Association, together with Colne Housing Society Limited and Suffolk Housing Society Limited formed a joint venture company Iceni Homes Limited. Its purpose is to provide property development Services to the three participators.

Iceni Homes was incorporated on 16 March 2004 and commenced trading on 1 July 2004. Each member owns 2 £1 ordinary shares and has equal voting rights. The profits of the joint venture are distributed to its participators by gift aid.

Iceni's loss after tax for its year ended 31 December 2008 was £297 and its aggregate capital and reserves at that date were £4.

On 30 January 2009 the Association left the joint venture and disposed of its shareholding of 2 ordinary shares at par value.

31 RELATED PARTIES

Mr D Hunt and Mr S Morton are directors and trustees of Julian Housing Support Trust Ltd. which provides care services to some of the Association's tenants through a service level agreement funded by Supporting People. Mr Hunt and Mr Morton are members of the Board of Management of the Association.

The Association provides management services to the Josiah and Mary Brewster Charity, of which Mrs E Barrett is a trustee. Mrs Barrett is a member of the Board of Management of the Association. Total fees charged in the period were £17,541. At 31 March 2010 the Association was owed £6,320 by the Brewster Charity.

Mr P Watkinson is a Board member and tenant of the Association. He holds a tenancy agreement on normal terms and cannot use his position to his advantage.

As disclosed in note 30, the Association held 331/3% of the issued share capital of Iceni Homes Ltd. Until 30 January 2009. During the period to 30 January 2009 Iceni charged the Association £2,435 for development and related services.

Mrs Sarah Dixon, a member of the Association's Board of Management, and Mrs Vivien Farrow, the Chief Executive, were directors of Iceni Homes until 30 January 2009. They did not receive remuneration from Iceni Homes for their services.

32 RELATED PARTIES (continued)

Cotman Housing Association Limited is a subsidiary of the Places for People Group Limited, 305 Gray's Inn Rd, London, WC1X 8QR. Since the parent company publishes consolidated group accounts, the Association has taken advantage of the exemption not to report transactions with other group members as permitted in FRS8.

33 PRIOR PERIOD ADJUSTMENTS

In previous years total revenue reserves were split into a planned maintenance reserve and a remaining revenue reserve. In line with other Places for People Group Limited subsidiaries, the revenue reserve is no longer analysed into two components, instead a single revenue reserve is maintained.

At 31 December 2008 the planned maintenance reserve component of revenue reserves was £2,064,000. This adjustment has no impact on prior period surplus or deficits.

At 31 December 2008 £1,206,000 of current asset investments previously disclosed as cash at 31 December 2008 are now disclosed as current asset investments in line with Group accounting policy. This adjustment has no impact on prior period surplus or deficits.

In previous years the Association credited reserves with the gain on the acquisition of the Spiritualist Housing Association Limited. This negative goodwill was then to be credited to the income and expenditure account over a 38 year period. This policy has been amended upon the Association joining the Places for People Group. The Statement of Principles for Financial Reporting - Interpretation for Public Benefit Entities (SoPPBE) issued by the Accounting Standards Board advocates that negative goodwill is written off in the income and expenditure account in the year of acquisition. The Group, and consequently the Association, has amended its accounting treatment accordingly.

This has necessitated a prior period adjustment of £117,000 to transfer negative goodwill to the revenue reserve. In addition, in the Income and Expenditure account, the prior period figures for the year ended 31 December 2008 have been restated to reflect this change in accounting policy. Operating costs have increased by £4,000 to £3,580,000 and the surplus for the year has reduced by £4,000 to £292,000 thereby removing the effect of negative goodwill amortisation.