

Mosscare Housing Limited

Report of the Board and group financial statements

For the year ended 31 December 2009

Industrial and Provident Societies Registration Number: 18877R

Registered Housing Association Number: L0975

Report of the Board and group financial statements

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Report of the Board

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

Principal activities

MossCare Housing Limited ("the association") is a not-for-profit registered provider of social housing administered by a partly voluntary board. It controls two organisations, Mossbank Homes Limited, which is also a not-for-profit registered provider of social housing, and MossCare Developments Limited, a registered company limited by guarantee. It also has a one third share in a joint venture company, Reviva Urban Renewal Limited ("Reviva"). Together these bodies form the MossCare Housing Group ("group").

The principal activity of the group is the provision of social housing for rent, including associated management services and supported housing for a variety of client groups. The group aims to be a quality housing organisation committed to communities and individuals.

Business review

The group aims to provide high quality housing management and area regeneration in Greater Manchester and has continued to apply strategies and policies focused on developing its core business of social housing activities and improving the properties and services it manages.

The association increased its rental income during the year, partly by taking over Lomas Court, a block of twenty flats for disabled people in Ashton-under-Lyne, from another housing association, and also gained from record low interest rates to improve its surplus over last year's.

The main subsidiary, Mossbank Homes Limited, which began as a stock transfer in Stockport from Manchester City Council in 2008, completed its first full year of operation. Work continues on a five year stock improvement programme, which is on track in terms of budget and units improved and has achieved high levels of tenant satisfaction. Over £17 million has been spent on the programme so far. The interest on the increase in associated debt reduced its surplus from the previous period.

The ongoing recession has affected the group in several ways. Waiting lists remain high as fewer people can buy homes and some tenants have struggled to pay rents on time. The group has increased its work on financial inclusion during the year to assist those affected. As the group refinanced before the credit crunch it has benefitted considerably from the current low interest rates and has adequate unused loan facilities to call upon.

Social housing rents are tied to inflation via a formula set by the government with the key rate being RPI in the September before the annual April rent rises. High inflation in 2008 meant rises in 2009 averaged 5.6%. In consultation with tenants, the group capped rent rises in April 2009 to help maintain affordability. Deflation in 2009 means our April 2010 rent changes will average 2%.

With constraints on its rental income and asset sales limited by a difficult housing market the group will explore new income sources for the services of its housing management and gas servicing teams, though only in ways that do not detract from services to its current customers. We also continue to explore ways of improving services and making efficiency savings, especially through the use of new information and communications technology. New phone and computer systems are being introduced in 2010.

Overall the group had a successful year. Despite the general economic conditions it is taking advantage of this period of low interest rates to strengthen its financial position so that it will be better placed to grow and improve services to its customers.

Report of the Board *(continued)*

Results for the period

The consolidated results for the period are set out in the financial statements following this report. The group surplus for the financial period was £717,000 (2008 £579,000). Operating surplus was £3,700,000 (2008 £3,040,000).

Reserves

After transfer of the surplus for the year of £717,000 (2008 £579,000), at the year end group reserves amounted to £4.2 million (2008: £3.5 million).

Significant changes in fixed assets

The movement in fixed assets are set out in notes 13 and 14 of the financial statements. These movements reflect the group's asset management strategy to develop new social housing units and to effect re-improvements, including security and energy efficiency measures, to our older housing properties to ensure they meet and exceed the Decent Homes Standard. This strategy will continue into the future and to facilitate that, the association commissioned a stock condition survey in 2007 to identify units needing re-improvement, which is being updated annually on a rolling basis. The programme of works based on that survey commenced in 2008, and will continue in the coming years.

Financing and treasury management

The group borrowed a net £12.5 million during the year. At the year end gearing had risen to 67.3% (2008: 57.7%).

The group borrows, principally from banks, at both fixed and floating rates of interest. The group's policy is to keep up to 80% of its borrowings at fixed rates of interest, though Mossbank Homes might exceed that level in the short term. At year end 80% of the group's borrowings were at fixed rates (2008: 75%). The Board monitors the group's position through quarterly treasury reports.

Payment of creditors

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

Board and Executive Directors

The present Board members and the Executive Directors of the group are set out on page 1. Board members are drawn from a wide variety of backgrounds, bringing together community, commercial and professional experience. Board members co-opted by the Board must retire at the next annual general meeting. At such meetings one third of the ordinary Board members retire and are eligible under our rules for re-election without nomination. Tenant Board members are elected from the Tenant's Panel.

Report of the Board *(continued)*

Board and Executive Directors *(continued)*

The Executive Directors are the Chief Executive and any other person who is a member of the group's senior management team. The Executive Directors hold no interest in the association's shares and act as executives within the authority delegated by the Board.

The group has insurance policies that indemnify its Board members and Executive Directors against liability when acting for the group.

Remuneration of Executive Directors

Policy

The Board through its Group Remuneration Committee and working with the Staff Association through a Joint Negotiating Body is responsible for setting the group's remuneration policy for its Executive Directors as well as making appointments. The Board pays attention to remuneration levels in the sector in determining the remuneration packages of the Executive Directors.

Pensions

The Executive Directors are members of the Social Housing defined benefit final salary pension scheme. They participate in the scheme on the same terms as all other staff. The group contributes to the scheme on behalf of its employees.

Service contracts and benefits

The Executive Directors are employed on the same terms as other staff, their notice periods ranging from one to three months. Details of Executive Directors' aggregate remuneration are included in note 11 to the audited financial statements. The Executive Directors are entitled to other benefits including the provision of a car or a car allowance.

Other Employees

The strength of the group lies in the quality and commitment of its employees. The group's ability to meet its objectives and commitments to tenants in an efficient and effective manner depends on the contribution of employees throughout the group.

The group continues to provide information on the group's objectives, progress and activities through regular office and team meetings. A union recognition agreement in place establishes principles and practice for the Union and Board, through its Group Remuneration Committee, to work together. A Joint Negotiating Committee of elected staff representatives, Board members and Executive Directors meets from time to time to discuss issues relevant to staff.

Report of the Board *(continued)*

Other Employees *(continued)*

The group is committed to equal opportunities for all its employees. It is the group's policy to give equal consideration to all job applicants and employees, irrespective of gender, race, creed or disability. Applicants for jobs are monitored to ensure that this policy is adhered to. We are also committed to 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 on health and safety matters.

NHF Code of Governance

The group complies with the principal recommendations of the NHF Code of Governance. The ways in which we seek to achieve good housing association governance are outlined below:

Board

The Board comprises up to twelve non-executive members and is responsible for managing the affairs of the group. The Board meets, formally, at least four times a year for regular business.

The Board is responsible for the group's strategy and policy framework. Day-to-day management and implementation of that framework is delegated to the Chief Executive and other Executive Directors who meet at least fortnightly and attend Board and sub-committee meetings.

Committees

In 2008, the Committee structure was reviewed, and the following Committees were set up.

The Group Audit Committee comprises up to up to five members, has a quorum of three and meets three times per year. It considers the appointment of internal auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the group's internal control arrangements and risk strategy.

Group Remuneration Committee comprises of up to four members with a quorum of two, and meets twice a year. This Committee deals with remuneration, target setting and appraisal for the Chief Executive, pay and conditions for Directors, terms and conditions for other employees, and Board member remuneration.

MossCare Housing Delivery Committee comprises of up to eight members with a quorum of four, and meets four times a year. The Committee deals with all service delivery matters, excluding those of Mossbank Homes.

Report of the Board *(continued)*

NHF Code of Governance *(continued)*

The Board and its sub-committees obtain external specialist advice from time to time as necessary.

Tenant Involvement

We actively encourage tenants' involvement in decision-making by promoting tenant participation. We have up to three tenant Board members on the association's Board, elected from amongst shareholding tenants, and clear reporting arrangements between tenant groups and the Board.

Tenant participation is highly valued in the group and a variety of methods are used to obtain not only their views and ideas about our services and activities, but also those of the wider community in which we work, especially the representatives of the diverse cultures present in the Greater Manchester area.

The association has a comprehensive strategy described in a Resident Involvement Agreement, which has the following key elements:

- An elected Panel of Tenant Representatives
- An annual tenants' meeting to which all tenants are invited
- A resident inspector and mystery shopper initiative
- Extensive use of focus groups to ensure continued improvement in service delivery
- Support for innovative tenant management organisations and models for involving residents in neighbourhood management

Mossbank Homes has its own similar arrangements for tenants' involvement including a tenants' Communications Group and up to four tenant Board members.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies for all organisations within the group, including those not registered with the Tenant Services Authority (TSA). The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the group is exposed and is consistent with the principles originally outlined in the Housing Corporation's Circular 07/07 *Internal Controls Assurance*.

Report of the Board *(continued)*

Internal controls assurance *(continued)*

The process for identifying, evaluating and managing the significant risks faced by the group is ongoing and has been in place throughout the period commencing 1 January 2009 up to the date of approval of the annual report and financial statements. The Board and its Group Audit Committee receive and consider reports from management on these risk management and control arrangements at their meeting during the year.

The Board cannot delegate ultimate responsibility for the system of internal control but it can, and has, delegated authority to the Group Audit Committee to regularly review the effectiveness of the system of internal control. The Group Audit Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the association and its subsidiaries, and the annual report of the internal auditor, and has reported its findings to the Board.

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

Identifying and evaluating key risks, including fraud

The group's risk management strategy, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The group's arrangements for managing the risk of fraud are underpinned by the development and maintenance of an anti-fraud culture, the introduction of effective controls to prevent fraud and detect fraud, prompt and vigorous investigations, and the application of effective sanctions and redress. The group meets Money Laundering Regulations by having preventative measures in place, knowing customers – including conducting customer identification and verification and undertake ongoing monitoring where applicable, keeping records of identity and training staff on the requirements of the regulations.

The Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Control environment and internal controls

The processes to identify and manage the key risks to which the group is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of Executive Directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection, and environmental performance.

Information and 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 and monitored throughout the year.

All committees regularly receive reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The outcomes of these reviews are reported to the Board at each meeting throughout the year.

Report of the Board *(continued)*

Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. It is supplemented by regular reviews by internal audit that provide independent assurance to the Board via its Group Audit Committee. The arrangements include a rigorous procedure, monitored by the Group Audit Committee, for ensuring that corrective action is taken in relation to any significant control issues.

Political and Charitable Contributions

During the year, the group made no political donations (2008: £Nil). Any charitable contributions are made within the group's normal activities.

The Board is very grateful to all persons and organisations that have made charitable contributions to its work during the period.

Post balance sheet events

The group considers that there have been no events since the financial year end that have had a significant effect on the financial position of the association or group.

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 at least 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.

Auditors

A resolution to re-appoint BDO LLP as external auditors will be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 21 April 2009 and signed on its behalf by:

Pamela Schwarz

Secretary

Group Highlights, five-year summary

Periods ending	December 2009	December 2008	December 2007	December 2006	December 2005 15 Months
	£'000	£'000	£'000	£'000	£'000
Group income and expenditure account					
Turnover	17,135	14,766	11,817	11,174	14,611
Income from lettings	16,206	14,493	11,603	11,045	13,184
Operating surplus	3,700	3,040	3,083	2,911	3,492
Interest payable	(3,497)	(3,694)	(3,795)	(3,171)	(3,853)
Surplus / (deficit) for the period	717	579	(776)	840	(166)
Group balance sheet					
Housing properties, net of depreciation SHG and other capital grants	178,787 (102,132)	162,145 (98,596)	151,687 (96,062)	147,688 (93,165)	140,719 (91,984)
Housing properties, net of capital grants and depreciation	76,655	63,549	55,625	54,523	48,735
Net current liabilities	(1,920)	(1,042)	(227)	(2,630)	(5,279)
Loans (due over one year)	71,472	58,896	52,082	47,230	39,418
Pension liability	-	-	-	1,953	2,173
Reserves					
Restricted or designated	135	130	129	128	485
Accumulated surplus	4,057	3,345	2,767	3,348	1,824
Total reserves	4,192	3,475	2,896	3,476	2,309
Accommodation figures					
	Number	Number	Number	Number	Number
Total stock managed at period end:					
Social housing	4526	4514	3359	3346	3333
Non-social housing	14	14	14	14	14
	4540	4528	3373	3360	3347
Statistics					
Operating surplus as % of turnover	21.6%	20.6%	26.1%	26.1%	23.9%
Surplus / (Deficit) for the period as % of turnover	4.2%	3.9%	(6.6%)	7.5%	(1.1%)
Rent losses (<i>voids and bad debts as % of rent and service charges receivable</i>)	3.7%	5.3%	4.8%	3.4%	6.3%
Rent arrears (<i>gross arrears as % of rent and service charges receivable</i>)	9.8%	10.5%	8.1%	9.2%	11.2%
Interest cover (<i>surplus before interest payable, including property sales, divided by interest payable and capitalised interest</i>)	1.20	1.16	1.39	1.24	0.96
Liquidity (<i>current assets divided by current liabilities</i>)	0.70	0.81	0.97	0.64	0.28
Gearing (<i>total loans as % of capital grants plus reserves</i>)	67.3%	57.7%	52.7%	49.2%	42.0%
Gearing reserves (<i>total loans as % of capital grants plus loans plus reserves</i>)	40.2%	36.6%	34.5%	33.0%	29.6%
Total reserves per unit managed	£923	£767	£859	£1,035	£690

Board members' responsibilities

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the board members to prepare financial statements for each financial year. Under that law the board members have elected to prepare the group and association financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the group and association for that period.

In preparing these financial statements, the board members are required to:

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

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. They are 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.

All of the current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Board members are not aware of any relevant audit information of which the auditors are unaware.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOSSCARE HOUSING LIMITED

We have audited the financial statements of MossCare Housing Limited for the year ended 31 December 2009 which comprise the consolidated and association income and expenditure accounts, the consolidated and association balance sheets, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board members; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board member and or directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

*BDO LLP, statutory auditor
Manchester
United Kingdom
Date 23 April 2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Consolidated income and expenditure account
for the year ended 31 December 2009**

	Note	Year to 31 December 2009	Year to 31 December 2008
		£'000	£'000
Turnover: Group including share of joint venture turnover		21,550	15,918
Less: share of joint venture turnover	15	(4,415)	(1,152)
Turnover: continuing activities	3	17,135	14,766
Operating costs	3	(13,435)	(11,726)
Operating surplus: continuing activities		3,700	3,040
Share of operating (loss) / gain in joint venture	15	(15)	17
Surplus on sales of tangible fixed assets	7	526	1,220
Surplus on ordinary activities before interest		4,211	4,277
Interest receivable	8	3	136
Interest payable and similar charges	9	(3,497)	(3,694)
Loan breakage cost	9	-	(140)
Surplus on ordinary activities before taxation	6	717	579
Tax on surplus on ordinary activities	12	-	-
Surplus for the financial year	26	717	579

The notes on pages 18 to 49 form an integral part of these financial statements.

All of the income and expenditure for the period relates to continuing activities.

There are no other surpluses or deficits for the year other than the surplus shown above.

**Association income and expenditure account
for the year ended 31 December 2009**

	Note	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Turnover: continuing activities	3	13,766	12,589
Operating costs	3	(10,590)	(9,960)
Operating surplus: continuing activities		3,176	2,629
Surplus on sales of tangible fixed assets	7	415	1,053
Surplus on ordinary activities before interest		3,591	3,682
Interest receivable	8	2	104
Interest payable and similar charges	9	(3,148)	(3,586)
Loan breakage cost	9	-	(140)
Surplus on ordinary activities before taxation	6	445	60
Tax on surplus on ordinary activities	12	-	-
Surplus for the financial year	26	445	60

The notes on pages 18 to 49 form an integral part of these financial statements.

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

All of the income and expenditure for the year relates to continuing activities.

There are no other surpluses or deficits for the year other than the surplus shown above.

Consolidated balance sheet as at 31 December 2009

	Note	31 December 2009 £'000	31 December 2008 £'000
Tangible fixed assets			
Housing properties	13	178,787	162,145
Social Housing Grant	13	(97,233)	(93,728)
Other grants	13	(4,899)	(4,868)
		<u>76,655</u>	<u>63,549</u>
Other tangible fixed assets	14	2,286	2,009
		<u>78,941</u>	<u>65,558</u>
Investments	15	10	10
Share of gross assets of joint venture	15	209	180
Share of gross liabilities of joint venture	15	(191)	(147)
		<u>78,969</u>	<u>65,601</u>
Current assets			
Properties held for sale or demolition	16	1,207	1,268
Debtors	17	1,359	1,981
Investments	18	-	1,143
Cash at bank and in hand	19	1,977	177
		<u>4,543</u>	<u>4,569</u>
Creditors : amounts falling due within one year	20	(6,463)	(5,611)
Net current liabilities		<u>(1,920)</u>	<u>(1,042)</u>
Total assets less current liabilities		<u>77,049</u>	<u>64,559</u>
Creditors : amounts falling due after more than one year	21	72,857	61,084
Capital and reserves			
Called up share capital	25	-	-
Designated reserves	26	135	130
Accumulated surplus	26	4,057	3,345
Consolidated funds		<u>4,192</u>	<u>3,475</u>
		<u>77,049</u>	<u>64,559</u>

The notes on pages 18 to 49 form an integral part of these financial statements.

The financial statements were approved by the Board on 21 April 2010 and were signed on its behalf by:

Leszek Pawlik

Chairman

Frank Jones

Board member

Pamela Schwarz

Secretary

Association balance sheet at 31 December 2009

	Note	31 December 2009 £'000	31 December 2008 £'000
Tangible fixed assets			
Housing properties	13	161,138	155,603
Social Housing Grant	13	(97,233)	(93,728)
Other grants	13	(4,899)	(4,868)
		<u>59,006</u>	<u>57,007</u>
Other tangible fixed assets	14	2,286	2,009
		<u>61,292</u>	<u>59,016</u>
Investments in group undertakings	15	10	10
		<u>61,302</u>	<u>59,026</u>
Current assets			
Properties held for sale or demolition	16	1,207	1,268
Debtors	17	1,226	1,637
Investments	18	-	1,103
Cash at bank and in hand	19	1,349	100
		<u>3,782</u>	<u>4,108</u>
Creditors : amounts falling due within one year	20	(5,258)	(4,334)
		<u>(1,476)</u>	<u>(226)</u>
Net current liabilities		<u>(1,476)</u>	<u>(226)</u>
Total assets less current liabilities		<u>59,826</u>	<u>58,800</u>
Creditors : amounts falling due after more than one year	21	56,415	55,834
Capital and reserves			
Called up share capital	25	-	-
Designated reserves	26	135	130
Accumulated surplus	26	3,276	2,836
		<u>3,411</u>	<u>2,966</u>
Consolidated funds		<u>59,826</u>	<u>58,800</u>

The notes on pages 18 to 49 form an integral part of these financial statements.

The financial statements were approved by the Board on 21 April 2010 and were signed on its behalf by:

Leszek Pawlik

Chairman

Frank Jones

Board member

Pamela Schwarz

Secretary

Consolidated cash flow statement for the year ended 31 December 2009

	Note	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Net cash inflow from operating activities	30	7,102	4,350
Returns on investments and servicing of finance			
Interest received		3	136
Interest paid (including capitalised interest)		(3,199)	(3,948)
Interest element of finance lease payments		-	(3)
		<u>(3,196)</u>	<u>(3,815)</u>
Taxation paid			
Corporation tax paid		-	-
Capital expenditure			
Purchase and construction of housing properties		(16,547)	(12,739)
Social Housing Grant received		277	801
Other capital grants received		-	35
Purchase of other tangible fixed assets		(588)	(839)
Net proceeds on sales of housing properties		1,141	1,955
Proceeds on sales of other fixed assets		13	-
		<u>(15,704)</u>	<u>(10,787)</u>
Management of liquid resources			
Cash withdrawn from money market investments		1,143	3,287
Financing			
Loans received		12,594	26,318
Housing loans repaid		(104)	(19,686)
Capital element of finance lease payments		(9)	(10)
		<u>12,481</u>	<u>6,622</u>
Increase / (decrease) in cash	31	<u>1,826</u>	<u>(343)</u>

The notes on pages 18 to 49 form an integral part of these financial statements.

Notes to the financial statements

1 Legal status

The association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority as a Registered Provider of Social Housing as defined by the Housing Act 2004.

2 Accounting policies

Basis of accounting

The financial statements of the group have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, issued in 2008, and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006. The accounts are prepared on the historical cost basis of accounting. The Board is satisfied that the current accounting policies are the most appropriate for the group and association.

Basis of consolidation

The consolidated financial statements include the association and its subsidiary undertakings using acquisition accounting. Intra group transactions are eliminated fully on consolidation.

Investments in joint ventures are accounted for using the equity method per FRS 9 "Associates and joint ventures". The consolidated income and expenditure account includes the group's share of these undertakings' surpluses less deficits while the group's share of gross assets and liabilities is shown in the consolidated balance sheet.

Turnover

Turnover comprises rental income receivable in the period, income from property sales where the property was held for resale, other services included at the invoiced value (excluding VAT) of goods and services supplied in the period and revenue grants receivable.

Supported housing managed by agencies

The association as owner of the property claims revenue grants. The grants are included in the income and expenditure account and balance sheet of the association. The treatment of other income and expenditure in respect of supported housing projects depends on whether the association carries the financial risk.

Where the association carries the financial risk, for example, for losses from voids and arrears, all the project's income and expenditure is included in the association's income and expenditure account (note 3).

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 projects in this category is excluded from the association's income and expenditure account.

Value added tax

The group charged 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 Revenue and Customs. The balance of VAT payable or recoverable at the period-end is included as a current liability or asset.

2 Accounting policies (continued)***Pensions***

The group participates in the multi-employer Social Housing Pension Scheme (“SHPS”), a defined benefit final salary pension scheme managed by the Pensions Trust. 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.

Interest payable

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

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

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

Housing Properties

Housing properties are principally properties available for rent 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. Housing properties are transferred to completed properties when they are ready for letting.

Improvements 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. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership properties

The rental element of shared ownership properties are included in housing properties at cost. The cost during the period of construction up to first tranche sale is apportioned between fixed assets and current assets to reflect the Association’s intention to dispose of a part of the property by leasehold sale. Proceeds of sale of first tranches are accounted for as turnover in the Income & Expenditure Account. Proceeds from subsequent tranches are treated as disposal of fixed assets and disclosed in the Income & Expenditure Account.

Donated land

Donated land is included in the cost of housing properties at its value when donated. It is shown as a capital grant and deducted from total housing property cost in the same way as Social Housing Grant when received from a public body, or if received from a private body the difference between acquisition cost and market value is accounted for as a donation in the Income & Expenditure Account.

2 Accounting policies (continued)***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. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

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

Other grants

These include grants from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to housing properties, less residual value. The group's housing properties and their associated components are depreciated at the following annual rates:

- housing properties	1% - 2%
- improvements	2% - 6.7%
- fixtures and furniture	15%

Housing properties held on leases are amortised over the life of the lease or their estimated useful economic lives if shorter. Housing properties in the course of construction are stated at cost and not depreciated. Where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related SHG.

2 Accounting policies (continued)***Impairment***

Housing properties that are depreciated over a period in excess of 50 years are, in accordance with Financial Reporting Standard No 11 and the SORP (Update 2008), subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

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

Other tangible fixed assets

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

- leasehold offices	2%
- office furniture and equipment	15%
- motor vehicles	25%
- computer equipment	25%
- scheme furniture and equipment	20%

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding. Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Properties held for resale

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

Current asset investments

Investments are stated at market value.

2 Accounting policies (continued)

Liquid Resources

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

Supporting People

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

Provisions

The group only provides for contractual liabilities.

Loan finance issue costs

These 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.

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.

Charitable fund reserve

The group maintains a charitable reserve that comprises of donations received. The reserve is uplifted on a quarterly basis to take account of notional interest on the balance. Utilisation of the reserve is at the discretion of the Board.

3 Turnover, operating costs and operating surplus

	Year to 31 December 2009			Year to 31 December 2008	
	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Surplus £'000
Group – continuing activities					
Social housing lettings					
General needs housing	14,182	(10,471)	3,711	12,616	2,803
Supported and sheltered housing	1,911	(2,049)	(138)	1,764	330
Shared ownership	113	(173)	(60)	113	2
	16,206	(12,693)	3,513	14,493	3,135
Other social housing activities					
Shared ownership first tranche sales	396	(399)	(3)	-	-
Provision against shared ownership developments	-	(1)	(1)	-	(41)
Provision against land bank value	-	-	-	-	(231)
Development services	157	(168)	(11)	82	41
	16,759	(13,261)	3,498	14,575	2,904
Non-social housing activities					
Commercial lettings	75	(16)	59	63	48
Sales of housing accommodation	225	(157)	68	-	-
Gift Aid	-	-	-	77	77
Other income	76	(1)	75	51	11
	17,135	(13,435)	3,700	14,766	3,040

	Year to 31 December 2009			Year to 31 December 2008	
	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Surplus £'000
Association – continuing activities					
Social housing lettings					
General needs housing	10,621	(7,631)	2,990	10,137	2,392
Supported and sheltered housing	1,911	(2,049)	(138)	1,764	20
Shared ownership	113	(173)	(60)	113	2
	12,645	(9,853)	2,792	12,014	2,414
Other social housing activities					
Shared ownership first tranche sales	396	(399)	(3)	-	-
Provision against shared ownership developments	-	(1)	(1)	-	(41)
Provision against land bank value	-	-	-	-	(231)
Development services	151	(163)	(12)	59	26
	13,192	(10,416)	2,776	12,073	2,168
Non-social housing activities					
Commercial lettings	75	(16)	59	63	48
Sales of housing accommodation	225	(157)	68	-	-
Gift Aid	1	-	1	92	92
Other income	273	(1)	272	361	321
	13,766	(10,590)	3,176	12,589	2,629

For a detailed analysis of income and expenditure from social housing lettings, see note 4. Commercial lettings relate to land and shops owned by the group.

4 Particulars of income and expenditure from social housing lettings

Group	General needs £'000	Supported and sheltered housing £'000	Shared ownership £'000	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Turnover from social housing lettings					
Rents receivable net of identifiable service charges	13,586	1,504	50	15,140	13,683
Service charges receivable	295	318	57	670	502
Charges for support	54	68	6	128	132
Net rental income	13,935	1,890	113	15,938	14,317
Grants for major repairs	7	-	-	7	20
Other income	240	21	-	261	156
Turnover from social housing lettings	14,182	1,911	113	16,206	14,493
Operating cost of social housing lettings					
Management	2,508	667	10	3,185	2,853
Services	577	557	60	1,194	1,081
Support costs	10	126	1	137	175
Routine maintenance	4,068	297	55	4,420	3,837
Planned maintenance	1,212	160	41	1,413	1,149
Major repairs expenditure	568	87	1	656	839
Bad debts	129	20	1	150	413
Depreciation of housing properties	1,311	124	4	1,439	918
Other costs	88	11	-	99	93
Operating cost of social housing lettings	10,471	2,049	173	12,693	11,358
Operating surplus / (deficit) on social housing lettings	3,711	(138)	(60)	3,513	3,135
Void losses	369	59	-	428	346

4 Particulars of income and expenditure from social housing lettings

Association	General needs £'000	Supported and sheltered housing £'000	Shared ownership £'000	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Turnover from social housing lettings					
Rents receivable net of identifiable service charges	10,105	1,504	50	11,659	11,239
Service charges receivable	279	318	57	654	488
Charges for support	54	68	6	128	132
Net rental income	10,438	1,890	113	12,441	11,859
Grants for major repairs	7	-	-	7	20
Other income	176	21	-	197	135
Turnover from social housing lettings	10,621	1,911	113	12,645	12,014
Operating cost of social housing lettings					
Management	1,991	667	10	2,668	2,755
Services	546	557	60	1,163	998
Support costs	10	126	1	137	175
Routine maintenance	2,969	297	55	3,321	2,942
Planned maintenance	497	160	41	698	761
Major repairs expenditure	568	87	1	656	839
Bad debts	137	20	1	158	189
Depreciation of housing properties	836	124	4	964	850
Other costs	77	11	-	88	91
Operating cost of social housing lettings	7,631	2,049	173	9,853	9,600
Operating surplus / (deficit) on social housing lettings	2,990	(138)	(60)	2,792	2,414
Void losses	212	59	-	271	209

5 Accommodation in management and development

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

Group and Association	31 December 2009 number	31 December 2008 number
Social housing		
General housing	4,140	4,167
Supported and sheltered housing	303	274
Shared ownership	83	73
Total owned or managed	4,526	4,514
Non-social housing		
Commercial units	14	14
Accommodation in development at the year end	52	23
Association	31 December 2009 number	31 December 2008 number
Social housing		
General housing	3,010	3,035
Supported and sheltered housing	303	274
Shared ownership	83	73
Total owned or managed	3,396	3,382
Non-social housing		
Commercial units	14	14
Accommodation in development at the year end	52	23

The group owns 67 supported housing units (2008: 67) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the risk related to the supported housing units.

6 Surplus on ordinary activities before taxation

This is stated after charging / (crediting):

Group	31 December 2009	31 December 2008
	£'000	£'000
Depreciation of housing properties	1,439	917
Depreciation of other tangible fixed assets	303	250
Operating lease rentals		
Land and buildings	12	10
Office equipment	166	52
	<u>166</u>	<u>52</u>
Auditors' remuneration (including VAT)		
Audit	25	25
Tax compliance	2	1
	<u>2</u>	<u>1</u>
	31 December 2009	31 December 2008
Association	£'000	£'000
Depreciation of housing properties	964	850
Depreciation of other tangible fixed assets	303	250
Operating lease rentals		
Land and buildings	12	10
Office equipment	166	52
	<u>166</u>	<u>52</u>
Auditors' remuneration (including VAT)		
Audit	15	15
Tax compliance	-	-
	<u>-</u>	<u>-</u>

7 Sales of tangible fixed assets

Group	Note	31 December		31 December	
		Properties not developed for outright sale £'000	Other tangible fixed asset sales £'000	2009 £'000	2008 £'000
Proceeds		661	13	674	2,001
Cost of sales		(128)	(33)	(161)	(863)
Depreciation		12	25	37	90
Housing Grant		46	-	46	619
Other Grants		4	-	4	35
Direct expenses		(28)	-	(28)	(46)
		567	5	572	1,836
Transfer to Recycled Capital Grant Fund	22	(46)	-	(46)	(616)
Transfer to Disposal Proceeds Fund	23	-	-	-	-
		521	5	526	1,220

Association	Note	31 December		31 December	
		Properties not developed for outright sale £'000	Other tangible fixed asset sales £'000	2009 £'000	2008 £'000
Proceeds		505	13	518	1,797
Cost of sales		(105)	(33)	(138)	(860)
Depreciation		12	25	37	90
Housing Grant		46	-	46	619
Other Grants		4	-	4	35
Direct expenses		(6)	-	(6)	(12)
		456	5	461	1,669
Transfer to Recycled Capital Grant Fund	22	(46)	-	(46)	(616)
Transfer to Disposal Proceeds Fund	23	-	-	-	-
		410	5	415	1,053

Sales of properties not developed for outright sale include properties transferred or sold during the period and stair-casing on shared ownership properties.

8 Interest receivable

	Group		Association	
	31 December 2009 £'000	31 December 2008 £'000	31 December 2009 £'000	31 December 2008 £'000
Bank interest receivable	3	136	2	104

9 Interest payable and similar charges

Group	Note	31 December	31 December
		2009	2008
		£'000	£'000
Finance leases		2	3
Loans and bank overdrafts		3,489	3,679
Loan breakage costs		-	140
		3,491	3,822
Interest capitalised on housing properties under construction		-	(85)
		3,491	3,737
Amount credited to Recycled Capital Grant Fund	22	6	83
Amount credited to Disposal Proceeds Fund	23	-	14
Other interest payable		-	-
		3,497	3,834

Association	Note	31 December	31 December
		2009	2008
		£'000	£'000
Finance leases		2	3
Loans and bank overdrafts		3,140	3,571
Loan breakage costs		-	140
		3,142	3,714
Interest capitalised on housing properties under construction		-	(85)
		3,142	3,629
Amount credited to Recycled Capital Grant Fund	22	6	83
Amount credited to Disposal Proceeds Fund	23	-	14
Other interest payable		-	-
		3,148	3,726

Interest on borrowings was capitalised to finance development at a rate of 5.5% (2008: 6.75%).

10 Employees

The average monthly number of employees (full time equivalents) was as follows:

Group

	31 December 2009	31 December 2008
Administration	29	29
Development	4	5
Maintenance	26	28
Housing services	46	45
Wardens and cleaners	11	11
	116	118

The aggregate payroll costs of these persons were as follows:

	31 December 2009	31 December 2008
	£'000	£'000
Wages and salaries	3,143	2,847
Social security costs	286	234
Pension contributions	275	263
	3,704	3,344

The average monthly number of employees (full time equivalents) was as follows:

Association

	31 December 2009	31 December 2008
Administration	25	25
Development	4	5
Maintenance	23	25
Housing services	40	39
Wardens and cleaners	9	9
	101	103

The aggregate payroll costs of these persons were as follows:

	31 December 2009	31 December 2008
	£'000	£'000
Wages and salaries	2,681	2,574
Social security costs	246	216
Pension contributions	228	236
	3,155	3,026

10 Employees *(continued)*

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

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

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

Final salary with a 1/60th accrual rate.

Final salary with a 1/70th accrual rate.

Career average revalued earnings with a 1/60th accrual rate.

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

The association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2007 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1 April 2007 until 31 March 2010. From 1 April 2010 new entrants can join a career average revalued earnings with a 1/80th accrual rate benefit structure

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 association paid contributions at the rate of 12.3% to 14.1%. Member contributions varied between 4.7% and 8.4%.

As at the balance sheet date there were 65 active members of the Scheme employed by MossCare Housing Group. The annual pensionable payroll in respect of these members was £178,456. MossCare Housing Group continues to offer membership of the Scheme to its employees.

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

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the

10 Employees *(continued)*

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	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

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

The valuation was carried out using the following demographic assumptions.

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

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

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

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

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

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

10 Employees *(continued)*

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.

Mossclare Housing Ltd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2008. As of this date the estimated employer debt for Mossclare Housing Ltd was £8,440,993.

11 Board members and Executive Directors

Group and Association	Basic salary	Benefits in kind	Pension contributions	Year to December	Year to December
£ 000's				2009	2008
Aggregate emoluments	330	9	42	381	392

Emoluments paid to board members were £23,724 (2008: £22,441). Expenses paid during the period to Board members amounted to £605 (2008: £745). No payment or benefits, other than those permitted, were made to the persons referred to in Schedule 1 of the Housing Act 1996.

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £87,256 (2008: £86,640). The Chief Executive is an ordinary member of the Social Housing Pension Scheme. No enhanced or special terms apply. Mossclare Housing Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

25% of the Director's aggregate emoluments are charged to the subsidiary undertaking, Mossbank Homes Ltd, and are recharged via a Service Level Agreement.

12 Taxation

As an exempt charity, the Association is not liable to United Kingdom Corporation Tax.

Its subsidiary undertaking, Mossclare Developments Limited, is a "close" company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988. Corporation tax payable for the period amounted to £nil (2008: £11).

13 Housing properties

Group	Social housing properties completed	Non-social housing properties completed	Total housing properties completed	Social housing properties under construction	Shared ownership properties completed	Shared ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At beginning of period	164,087	869	164,956	1,469	2,217	524	169,166
Additions during the period	2,686	-	2,686	2,438	-	165	5,289
Works to existing properties	12,361	-	12,361	-	-	-	12,361
Disposals	(128)	-	(128)	-	-	-	(128)
Transferred to properties for resale	(290)	-	(290)	-	-	-	(290)
Transferred from properties for resale	874	-	874	-	-	-	874
Transferred on completion	2,399	-	2,399	(2,400)	690	(689)	0
At end of period	181,989	869	182,858	1,507	2,907	-	187,272
Depreciation							
At beginning of period	6,919	73	6,992	-	29	-	7,021
Charge for period	1,423	12	1,435	-	4	-	1,439
Disposals	(12)	-	(12)	-	-	-	(12)
Transferred to properties for resale	(16)	-	(16)	-	-	-	(16)
Transferred from properties for resale	53	-	53	-	-	-	53
At end of period	8,367	85	8,452	-	33	-	8,485
Cost less depreciation							
At 31 December 2009	173,622	784	174,406	1,507	2,874	-	178,787
At 31 December 2008	157,168	796	157,964	1,469	2,188	524	162,145
Social Housing Grant							
At beginning of period	90,756	85	90,841	1,159	1,468	260	93,728
Received during the period	1,532	-	1,532	1,642	-	-	3,174
Disposals	(46)	-	(46)	-	-	-	(46)
Transferred to properties for resale	(232)	-	(232)	-	-	-	(232)
Transferred from properties for resale	609	-	609	-	-	-	609
Transferred on completion	1,701	-	1,701	(1,701)	260	(260)	-
At end of period	94,320	85	94,405	1,100	1,728	-	97,233
Other grants							
At beginning of period	4,631	210	4,841	-	27	-	4,868
Disposals	(4)	-	(4)	-	-	-	(4)
Transferred from properties for resale	35	-	35	-	-	-	35
At end of period	4,662	210	4,872	-	27	-	4,899

13 Housing Properties (Continued)

Association	Social housing properties completed	Non-social housing properties completed	Total housing properties completed	Social housing properties under construction	Shared ownership properties completed	Shared ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At beginning of period	157,478	869	158,347	1,469	2,217	524	162,557
Additions during the period	2,686	-	2,686	2,438	-	165	5,289
Works to existing properties	756	-	756	-	-	-	756
Disposals	(105)	-	(105)	-	-	-	(105)
Transferred to properties for resale	(290)	-	(290)	-	-	-	(290)
Transferred from properties for resale	874	-	874	-	-	-	874
Transferred on completion	2,399	-	2,399	(2,400)	690	(689)	-
At end of period	163,798	869	164,667	1,507	2,907	-	169,081
Depreciation							
At beginning of period	6,852	73	6,925	-	29	-	6,954
Charge for period	948	12	960	-	4	-	964
Disposals	(12)	-	(12)	-	-	-	(12)
Transferred to properties for resale	(16)	-	(16)	-	-	-	(16)
Transferred from properties for resale	53	-	53	-	-	-	53
At end of period	7,825	85	7,910	-	33	-	7,943
Cost less depreciation							
At 31 December 2009	155,973	784	156,757	1,507	2,874	-	161,138
At 31 December 2008	150,626	796	151,422	1,469	2,188	524	155,603
Social Housing Grant							
At beginning of period	90,756	85	90,841	1,159	1,468	260	93,728
Received during the period	1,532	-	1,532	1,642	-	-	3,174
Disposals	(46)	-	(46)	-	-	-	(46)
Transferred to properties for resale	(232)	-	(232)	-	-	-	(232)
Transferred from properties for resale	609	-	609	-	-	-	609
Transferred on completion	1,701	-	1,701	(1,701)	260	(260)	-
At end of period	94,320	85	94,405	1,100	1,728	-	97,233
Other grants							
At beginning of period	4,631	210	4,841	-	27	-	4,868
Disposals	(4)	-	(4)	-	-	-	(4)
Transferred from properties for resale	35	-	35	-	-	-	35
At end of period	4,662	210	4,872	-	27	-	4,899

13 Housing properties *(continued)*

Expenditure on works to existing properties

Group	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Amounts capitalised	12,361	6,073
Amounts charged to income and expenditure account	656	839
Total	<u>13,017</u>	<u>6,912</u>

Social Housing Grant

Group	31 December 2009 £'000	31 December 2008 £'000
Total accumulated SHG receivable was:		
Capital grants	97,954	94,780
Revenue grants	2,182	2,175
	<u>100,136</u>	<u>96,955</u>

Housing properties book value, net of depreciation and grants comprises:

Group	31 December 2009 £'000	31 December 2008 £'000
Freehold land and buildings	32,337	31,167
Long leasehold land and buildings	15,804	15,773
Short leasehold land and buildings	69	100
Reimprovements	28,444	16,509
	<u>76,654</u>	<u>63,549</u>

Additions to housing properties include £31,526 (2008: £158,678) for direct development overheads.

13 Housing properties *(continued)*

Expenditure on works to existing properties

	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Association		
Amounts capitalised	756	576
Amounts charged to income and expenditure account	656	839
Total	1,412	1,415

Social Housing Grant

	31 December 2009 £'000	31 December 2008 £'000
Association		

Total accumulated SHG receivable was:

Capital grants	97,954	94,780
Revenue grants	2,182	2,175
	100,136	96,955

Housing properties book value, net of depreciation and grants comprises:

	31 December 2009 £'000	31 December 2008 £'000
Association		
Freehold land and buildings	31,376	30,123
Long leasehold land and buildings	15,804	15,773
Short leasehold land and buildings	69	100
Reimprovements	11,757	11,011
	59,006	57,007

Additions to housing properties include £31,526 (2008: £158,678) for direct development overheads.

14 Other fixed assets

Group and Association	Offices £'000	Office furniture and equipment £'000	Motor Vehicles £'000	Computer Equipment £'000	Scheme furniture and equipment £'000	Total £'000
Cost						
At beginning of period	1,719	238	202	1,076	635	3,870
Additions	102	95	34	349	8	588
Disposals	-	-	(33)	-	-	(33)
At end of period	1,821	333	203	1,425	643	4,425
Depreciation						
At beginning of period	320	132	77	783	549	1,861
Charge for period	36	24	48	160	35	303
Eliminated on disposal	-	-	(25)	-	-	(25)
At end of period	356	156	100	943	584	2,139
Net book value						
At 31 December 2009	1,465	177	103	482	59	2,286
At 31 December 2008	1,399	106	125	293	86	2,009

Offices book value, net of depreciation comprises:	31 December	31 December
	2009	2008
	£'000	£'000
Freehold offices	80	82
Long leasehold offices	1,385	1,317
	1,465	1,399

15 Investments in group undertakings

Investments in group undertakings comprise:

Group & Association	31 December 2009 £'000	31 December 2008 £'000
Subsidiary undertakings	-	-
Joint venture loan	10	10
	10	10

Reviva's turnover for the year to 31 December 2009 was £4,415,310 and expenses of £4,460,310 were incurred. The association's share of the loss was therefore £15,000. The association's investments in Reviva are:

Group	as at 31 December 2009 £'000	as at 31 December 2008 £'000
Share of gross assets	209	180
Share of gross liabilities	(191)	(147)
	18	33

The financial statements consolidate the results of Mossbank Homes Limited and Mosscare Developments Limited, subsidiaries of the association at the end of the period. The association has the right to appoint members to the Boards of the two subsidiaries and thereby exercised control over them. Details of the subsidiaries are as follows:

Mossbank Homes Limited	Registered Provider of Social Housing, 100% controlled subsidiary. Incorporated in England as an Industrial and Provident Society. Undertook a transfer of housing from Manchester City Council in April 2008 and now carries out housing management and maintenance of that stock.
Mosscare Developments Limited	Registered company, 100% owned subsidiary. Incorporated in England as a company limited by guarantee. Principal activities are housing management and the development of sites for construction.
Reviva Urban Renewal Limited	Registered company, 33 $\frac{1}{3}$ % owned joint venture with two other Registered Providers of Social Housing. Incorporated in England as a company limited by guarantee. It carries out work under Framework Contracts for the physical regeneration and improvement of existing homes and open spaces and provides neighbourhood management services.

In the opinion of the Board, Mosscare Housing Limited is the ultimate holding company.

16 Properties held for sale or demolition**Group and Association**

Properties for sale	Cost £'000	Depreciation £'000	Cost Less Depreciation £'000	Social Housing Grant £'000	Other grants £'000	Net Book Value £'000
01 January 2009	2,468	50	2,418	1,052	98	1,268
Transfer to housing properties	(874)	(53)	(821)	(609)	(35)	(177)
Transfer from housing properties	290	16	274	232	-	42
Additions	479	-	479	-	-	479
Disposals	(513)	(5)	(508)	(103)	-	(405)
31 December 2009	1,850	8	1,842	572	63	1,207

17 Debtors

	Group		Association	
	31 December 2009 £'000	31 December 2008 £'000	31 December 2009 £'000	31 December 2008 £'000
Due within one year				
Arrears of rent and service charges	1,594	1,491	1,209	1,089
Provision for bad and doubtful debts	(806)	(727)	(573)	(514)
	788	764	636	575
Amounts owed by subsidiary undertakings	-	-	237	592
Value added tax	200	697	-	-
Other debtors	160	150	144	130
Prepayments and accrued income	211	370	209	340
	1,359	1,981	1,226	1,637

18 Short term investments

Group	31 December 2009 £'000	31 December 2008 £'000
Money market deposits	-	1,143
Association	31 December 2009 £'000	31 December 2008 £'000
Money market deposits	-	1,103

There are no balances in the above charged to lenders.

19 Cash at bank and in hand

	Group		Association	
	31 December 2009 £'000	31 December 2008 £'000	31 December 2009 £'000	31 December 2008 £'000
Cash at bank and in hand	1,977	177	1,349	100

20 Creditors: amounts falling due within one year

	Group		Association	
	31 December 2009 £'000	31 December 2008 £'000	31 December 2009 £'000	31 December 2008 £'000
Debt (see note 24)	105	156	105	156
Bank overdraft	5	31	5	29
Trade creditors	551	714	551	710
Rents and service charges received in advance	496	464	430	415
Social Housing Grants received in advance	-	221	-	221
Other capital grants received in advance	2,573	1,506	2,573	1,506
Amounts owed to subsidiary undertakings	-	-	64	82
Taxation and social security	108	99	108	99
Other creditors	343	406	-	4
Accruals and deferred income	2,224	1,977	1,364	1,075
Retentions	58	37	58	37
	6,463	5,611	5,258	4,334

21 Creditors: amounts falling due after more than one year

	Group		Association	
	31 December 2009 £'000	31 December 2008 £'000	31 December 2009 £'000	31 December 2008 £'000
Debt (see note 24)	71,508	58,941	55,501	53,940
Retentions	303	150	-	13
Funds held on behalf of others	371	329	239	217
Recycled Capital Grant Fund (note 22)	675	1,570	675	1,570
Disposal Proceeds Fund (note 23)	-	94	-	94
	72,857	61,084	56,415	55,834

22 Recycled capital grant fund

Group and Association	31 December 2009	31 December 2008
	£'000	£'000
At beginning of period	1,570	1,965
Grants recycled	149	616
Interest accrued	6	83
Major repairs and works to existing stock	-	-
Purchase/development of properties	(1,050)	(1,094)
	675	1,570
Due within one year	-	-
Due in more than one year	675	1,570

23 Disposal proceeds fund

Group and Association	31 December 2009	31 December 2008
	£'000	£'000
At beginning of period	94	376
Interest accrued	-	14
Major repairs and works to existing stock	(94)	(296)
	-	94
Due within one year	-	-
Due in more than one year	-	94

24 Debt analysis

Group	31 December 2009	31 December 2008
	£'000	£'000
Due within one year		
Bank loans	96	147
Obligations under finance leases	9	9
	<u>105</u>	<u>156</u>

Group	31 December 2009	31 December 2008
	£'000	£'000
Due after more than one year		
Bank loans	71,472	58,896
Obligations under finance leases	36	45
	<u>71,508</u>	<u>58,941</u>

Debt is repayable as follows:

Group	31 December 2009	31 December 2008
	£'000	£'000
Loans repayable by instalments		
Within one year	105	156
Between one and two years	109	165
Between two and five years	366	676
After five years	48,481	29,308
	<u>49,061</u>	<u>30,305</u>
Loans not repayable by instalments		
Between two and five years	1,639	-
After five years	20,913	28,792
	<u>71,613</u>	<u>59,097</u>

The loans are secured by fixed charges on individual properties. The loans repayable by instalments are repaid by half-yearly instalments at fixed or variable rates of interest ranging from 0.7% to 10.6%. The final instalments fall to be repaid in the period 2025 to 2039.

Loans not repayable by instalments are interest only at fixed rates ranging from 4.6% to 11.5%. The principal falls due to be repaid in the period 2016 to 2035. In addition to the above debt, at 31 December 2009 the group had undrawn loan facilities of £21.95m (2008: £34.5m).

24 Debt analysis (continued)

Association	31 December 2009	31 December 2008
	£'000	£'000
Due within one year		
Bank loans	96	147
Obligations under finance leases	9	9
	<u>105</u>	<u>156</u>

Association	31 December 2009	31 December 2008
	£'000	£'000
Due after more than one year		
Bank loans	55,465	53,895
Obligations under finance leases	36	45
	<u>55,501</u>	<u>53,940</u>

Debt is repayable as follows:

Association	31 December 2009	31 December 2008
	£'000	£'000
Loans repayable by instalments		
Within one year	105	156
Between one and two years	109	165
Between two and five years	366	676
After five years	32,474	24,307
	<u>33,054</u>	<u>25,304</u>
Loans not repayable by instalments		
Between two and five years	1,639	-
After five years	20,913	28,792
	<u>55,606</u>	<u>54,096</u>

The loans are secured either by fixed charges on individual properties. The loans repayable by instalments are repaid by half-yearly instalments at fixed or variable rates of interest ranging from 0.7% to 10.6%. The final instalments fall to be repaid in the period 2025 to 2039.

Loans not repayable by instalments are interest only at fixed rates ranging from 4.7% to 11.5%. The principal falls due to be repaid in the period 2016 to 2035. In addition to the above debt, at 31 December 2009 the association had undrawn loan facilities of £7.25m (2008: £8.8m).

25 Non equity share capital

Group and association	31 December 2009	31 December 2008
	£	£
Shares of £1 each issued and fully paid		
At beginning of period	83	84
Shares issued during the period	1	4
Shares surrendered during the period	-	(5)
At end of period	84	83

The shares provide members with the right to vote at general meetings, but do not provide any rights to a dividend, any provision for redemption or distribution on a winding up.

26 Reserves

Group	Charitable fund reserve (designated)	Accumulated Surplus	2009 Total	2008 Total
	£'000	£'000	£'000	£'000
1 January	130	3,345	3,475	2,896
Surplus for the year	-	717	717	579
Transfers	5	(5)	-	-
31 December	135	4,057	4,192	3,475

Association	Charitable fund reserve (designated)	Accumulated Surplus	2009 Total	2008 Total
	£'000	£'000	£'000	£'000
1 January	130	2,836	2,966	2,906
Surplus for the year	-	445	445	60
Transfers	5	(5)	-	-
31 December	135	3,276	3,411	2,966

27 Financial commitments**Capital commitments****Group**

	2009	2008
	£'000	£'000
Contracted for but not provided for in the financial statements	7,869	15,586
Authorised by the Board but not yet contracted for	9,044	201
	16,913	15,787

Association

	2009	2008
	£'000	£'000
Contracted for but not provided for in the financial statements	1,294	496
Authorised by the Board but not yet contracted for	5,438	201
	6,732	697

The group expects to finance the above expenditure by the receipt of Social Housing Grant and other grants totalling £3m (2008: £1.5m) and the balance with a mixture of loans drawn down under existing loan arrangements and cash reserves generated from property sales.

Operating lease commitments**Group and Association**

	2009	2008
	£'000	£'000
Land and buildings		
Leases expiring in over five years	9	9
Office equipment		
Leases expiring between two and five years	176	36

28 Stock Transfers***Mossbank Homes Ltd***

On 14 April 2008 the group took the transfer of 1,135 properties from Manchester City Council ("Council") all within Stockport, Greater Manchester. This followed an extensive period of consultation with both the residents and the Council and a ballot of residents. Work on the transferred properties is included in additions to social housing properties under construction.

It was agreed that the management of the stock transfer be carried out by a separate company from Mosscare Housing Ltd, and the previously registered association, Mossbank Homes Ltd has been used for this purpose.

Immediately prior to entering into the stock transfer agreement, the Council contracted with Mossbank Homes to complete the refurbishment works required to bring the properties up to an agreed state of repair. The contract was for a fixed sum equal to the expected cost of the refurbishment works (£38.16m). At transfer Mossbank Homes contracted with the Council to acquire the benefit of the Council's obligation to carry out the refurbishment works less the housing properties at a price equal to the agreed value of the property in its un-enhanced condition (£1.0m). The nature of the works under the initial agreement has not been specified and a right of set off exists between the contracts. These contracts have enabled Mossbank Homes to recover VAT on improvement costs that would otherwise have been expensed.

28 Stock Transfers (continued)

At the time of the transfer Mossbank Homes paid a net cash amount of £1.0m to the Council, representing the value of the properties in their un-enhanced condition (£1.0m) and the value of the Council's obligation to carry out the refurbishment works (£38.16m), less the amount due to be incurred by Mossbank Homes under the development agreement in relation to the anticipated cost of the improvements (£38.16m).

At 31 December 2009, £17.2m (2008: £5.5m) of the refurbishment works had been completed.

Footballers Estate, Moss Side

On 2 August 2004 the association took the transfer of 240 properties from Manchester City Council ("Council") on the Footballers estate, Moss Side, Manchester. This followed an extensive period of consultation with both the residents and the Council and a ballot of residents. Work on the transferred properties is included in additions to social housing properties under construction.

Immediately prior to entering into the stock transfer agreement, the Council contracted with the association to complete the refurbishment works required to bring the properties up to an agreed state of repair. The contract was for a fixed sum equal to the expected cost of the refurbishment works (£7.43m). At transfer the association contracted with the Council to acquire the benefit of the Council's obligation to carry out the refurbishment works (£7.43m) less the housing properties at a price equal to the agreed negative value of the property in its un-enhanced condition (£0.89m). The nature of the works under the initial agreement has not been specified and a right of set off exists between the contracts. These contracts have enabled the association to recover VAT on improvement costs that would otherwise have been expensed.

At the time of the transfer the association received a net cash amount of £0.89m from the Council, representing the negative value of the properties in their un-enhanced condition (£0.89m) and the value of the Council's obligation to carry out the refurbishment works (£7.43m), less the amount due to be incurred by the association under the development agreement in relation to the anticipated cost of the improvements (£7.43m).

The impact of these two transactions is that whilst the Council has a legal obligation to the association to complete the refurbishment works, this work has been contracted back to the association who are also legally obligated. The underlying substance of the transaction is therefore that the association has acquired the properties in their existing condition at their agreed value, and will complete certain improvements in line with guarantees to residents. The risk/responsibility of the association would be identical had these transactions not been entered into and as a result the contractual assets/liabilities have been ignored for accounts purposes.

At 31 December 2009 the refurbishment works referred to above had been completed.

29 Related parties

There are two tenant members on the association Board; Paul Hammersley and Ian Pownall. Mossbank Homes had four tenant members on its Board, Peter Donohue, Delia Hampton Wild, Lorna Woods (resigned 14 December 2009) and Susan Thompson. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

The association Board includes two Manchester City Council Councillors, Roy Walters and Paul Shannon, a Trafford Council Employee, Jan Tasker and a Salford City Council employee, Zahid Amin.

Mossbank Board has one Councillor for Stockport Metropolitan Borough Council, Mr Paul Porgess, and a Salford City Council employee, Zahid Amin.

Any transactions with the above Local Authorities (and other related or commercial entities) are made at arm's length, on normal commercial terms and they cannot use their position to their advantage.

30 Reconciliation of operating surplus to net cash inflow from operating activities

	31 December 2009 £'000	31 December 2008 £'000
Operating surplus	3,700	3,040
Depreciation charges	1,742	1,167
Provisions for impairment	-	272
	<u>5,442</u>	<u>4,479</u>
Working capital movements		
Decrease / (increase) in debtors	622	(809)
Increase in creditors	1,038	680
	<u>7,102</u>	<u>4,350</u>
Net cash inflow from operating activities	<u>7,102</u>	<u>4,350</u>

31 Reconciliation of net cash flow to movement in net debt

(Increase) / decrease in cash at bank and bank overdrafts	(1,826)	343
Decrease in money market investments	1,143	3,287
Cash inflow from increase in debt and lease finance	12,481	6,622
	<u>11,798</u>	<u>10,252</u>
Change in net debt from cashflows	11,798	10,252
Amortisation of debt issue costs	35	-
	<u>11,833</u>	<u>10,252</u>
Movement in net debt	11,833	10,252
Net debt at 1 January 2009	<u>57,808</u>	<u>47,556</u>
Net debt at 31 December 2009	<u>69,641</u>	<u>57,808</u>

32 Analysis of net debt

Cash at bank and in hand	1,977	177
Bank overdraft	(5)	(31)
Money market investments	-	1,143
Debts due within one year	(105)	(156)
Debts due after one year	(71,508)	(58,941)
	<u>(69,641)</u>	<u>(57,808)</u>