

Mossbank Homes Limited

Report of the Board and financial statements

For the year ended 31 December 2009

Industrial and Provident Societies Registration Number: 24178R

Registered Housing Association Number: SL3447

Financial statements

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Board, Executive Directors, Advisors and Bankers

Board	Appointed	Resigned
Mr R Flynn, Chair	2007	
Mr G Morton	2007	13 May 2009
Mr L Pawlik	2007	
Ms P Schwarz	2007	
Mr M Thrasher	2007	
Mr P Porgess	2007	
Mr Z Amin	2007	
Ms D Hampton Wild	2007	
Ms L Woods	2007	14 December 2009
Ms S Thompson	2007	
Mrs S Burden	2008	
Mr P Donohue	2008	
Mr H Totty	10 June 2009	

Executive Directors:

Chief Executive and Secretary	Ms P Schwarz
Deputy Chief Executive / Housing Services Director	Mr R Ferguson
Finance Director	Mr V Ormrod
Technical Services Director	Mr P Nolan

Registered office:

101 Great Western Street
Moss Side
Manchester M14 4AA

External auditors:

BDO LLP
3 Hardman Street
Spinningfields
Manchester M3 3AT

Principal solicitors:

Trowers & Hamblins
Heron House
Albert Square
Manchester M2 5HD

Principal bankers:

Barclays PLC
51 Mosley Street
Manchester M60 3DQ

Report of the Board

The Board presents its report and the audited financial statements of Mossbank Homes Limited for the year ended 31 December 2009.

Principal activities

Mossbank Homes Limited ("the association") is a not-for-profit organisation administered by a voluntary Board. The association provides social housing for rent, including associated management services, following the transfer of eight estates in Stockport from Manchester City Council on 14 April 2008. The association did not trade before that date.

The association is a member of the Mosscares Housing Group ("the group") as a subsidiary of Mosscares Housing Ltd ("the parent"). Corporate services are provided to the association by the parent under Service Level Agreements.

Business review

The association has focused its activities on providing high quality housing management and stock improvements. Work has continued on the five year stock upgrade 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 ongoing recession has affected the association 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. However, as the association arranged finance to fund the transfer and improvements before the credit crunch it has benefitted considerably from the current low interest rates.

Our 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, we capped their rises to a maximum of £4 a week to help maintain affordability. Deflation in 2009 means our April 2010 rent changes will average 2%.

Overall the association is successfully delivering its services and upgrade programme as promised in the pre-transfer Offer Document and is operating within a robust financial plan.

Results for the period

The results for the period are set out in the financial statements following this report. Operating surplus was £524,000 (2008: £411,000) and the surplus for the financial period was £287,000 (2008: £502,000).

Reserves

After transfer of the surplus for the year of £287,000 (2008: £502,000), at the year end association reserves amounted to £715,000 (2008: £428,000).

Financing and treasury management

The association borrowed a net £11 million during the year increasing total debt to £16 million. The Board's approach to risk and treasury management is outlined below. The Board monitors the association's position through regular treasury reports.

Report of the Board (continued)

Financing and treasury management (continued)

The association borrows at both fixed and floating rates of interest. The association's long term policy is to keep up to 80% of its borrowings at fixed rates of interest though it might exceed that level in the short term. At year end 86% of the association's borrowings were at fixed rates, with additional forward fixes in place for several dates in 2010.

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 association 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 Communication Group.

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

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

Remuneration of Executive Directors

Policy

The Executive Directors are employed and paid by the parent. The Group Remuneration Committee 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. Attention is paid 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 Pension Scheme defined benefit final salary 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. Directors emoluments in these financial statements are included at 25% of their total cost, which represents the proportion of their time spent working on the association.

Report of the Board (continued)

Other Employees

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

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

The association is committed to equal opportunities for all. 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 association.

Health and Safety

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

NHF Code of Governance

The association 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 12 members and is responsible for managing the affairs of the association. The Board meets, formally, at least four times a year for regular business.

The Board is responsible for the association'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 meetings.

The Board obtain external specialist advice from time to time as necessary.

Tenant Involvement

The association actively encourages tenants' involvement in decision-making by promoting tenant participation. There are up to four tenant Board members on the association's Board and clear reporting arrangements between tenant groups and the Board.

Tenant participation is highly valued in the association 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.

Report of the Board (continued)

NHF Code of Governance (continued)

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

- An elected group of Tenant Representatives
- The tenants' Communications Group nominates tenant members to the association's Board
- An annual tenants' meeting to which all tenants are invited
- A resident inspector and mystery shopper initiative
- Extensive use of Estate Panels and Forums to ensure continued improvement in service delivery
- Establishing and developing methods of resident monitoring of the improvement contract and provision of services
- To offer opportunities for employment through the development contracts

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

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 association is exposed and is consistent with the principles originally outlined by the Housing Corporation in Circular 07/07 Internal Controls Assurance.

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

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 association'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.

Report of the Board (continued)

Internal controls assurance (continued)

The association'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 association 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 association 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 progress against them is monitored throughout the year.

Board members 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.

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. The arrangements include a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues.

Political and Charitable Contributions

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

Report of the Board (continued)

Going concern

After making enquiries, the Board has a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

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 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 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 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.

Financial statements are published on the association'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 association'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

Auditors

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

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.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The report of the Board was approved on 13 April 2010 and signed on its behalf by:

Pamela Schwarz

Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOSSBANK HOMES LIMITED

We have audited the financial statements of Mossbank Homes Limited for the year ended 31 December 2009 which comprise the income and expenditure account, the balance sheet, the 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 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 association's affairs as at 31 December 2009 and of its 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 Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOSSBANK HOMES LIMITED
(Continued)**

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 : 23rd April 2010

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

Income and expenditure account for the year ended 31 December 2009		Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Turnover: continuing activities	3	3,561	2,479
Operating costs	3	(3,037)	(2,068)
Operating surplus; continuing activities		524	411
Surplus on sales of tangible fixed assets	7	111	167
Surplus on ordinary activities before interest		635	578
Interest receivable	8	1	32
Interest payable and similar charges	9	(349)	(108)
Surplus on ordinary activities before taxation		287	502
Tax on surplus on ordinary activities		-	-
Surplus for the financial year		287	502

All amounts relate to continuing activities

Other than the surplus for the year there are no other recognised gains or losses.

The notes on pages 14 to 26 form an integral part of these financial statements.

Balance Sheet as at 31 December 2009

	Note	31 December 2009	31 December 2008
		£'000	£'000
Tangible fixed assets			
Housing properties	12	<u>17,649</u>	<u>6,541</u>
Current assets			
Debtors	13	370	893
Investments	14	-	40
Cash at bank and in hand	15	627	77
		<u>997</u>	<u>1,010</u>
Creditors : amounts falling due within one year	16	<u>(1,492)</u>	<u>(1,873)</u>
Net current liabilities		<u>(495)</u>	<u>(863)</u>
Total assets less current liabilities		<u>17,154</u>	<u>5,678</u>
Creditors : amounts falling due after more than one year	17	<u>16,439</u>	<u>5,250</u>
Capital and reserves			
Called up share capital	19	-	-
Accumulated surplus	20	715	428
Accumulated funds		<u>715</u>	<u>428</u>
		<u>17,154</u>	<u>5,678</u>

The financial statements were approved by the Board on 13 April 2010 and were signed on its behalf by:

Reuben Flynn

Chairman

Howard Totty

Board Member

Pamela Schwarz

Secretary

The notes on pages 14 to 26 form an integral part of these financial statements.

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	22	1,211	1,423
Returns on investments and servicing of finance			
Interest received		1	32
Interest paid		(226)	(97)
		<u>(225)</u>	<u>(65)</u>
Capital expenditure			
Purchase and construction of housing properties		(11,602)	(6,414)
Proceeds on sales of housing properties		134	170
		<u>(11,468)</u>	<u>(6,244)</u>
Management of liquid resources			
Cash withdrawn from / (deposited in) money market investments		40	(40)
Financing			
Loans received		11,000	5,300
Issue costs incurred		(6)	(299)
		<u>10,994</u>	<u>5,001</u>
Increase in cash	23	<u>552</u>	<u>75</u>

The notes on pages 14 to 26 form an integral part of these financial statements.

Notes

1 Legal status

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

2 Accounting policies

Basis of accounting

The financial statements of the association have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, update 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 association.

Basis of Preparation

The Board has prepared detailed cash flow forecasts for the association covering the 12 month period from the date of approval of these financial statements. These forecasts indicate that the association has sufficient facilities in place to fund its business plan and to meet its liabilities as they fall due. On this basis the Board continues to prepare the financial statements on a going concern basis.

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.

Value added tax

The association charged value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure relating to major repair works on its stock. The financial statements include VAT to the extent that it is suffered by the association 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.

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.

Provisions

The association only provides for contractual liabilities.

Housing Properties

Housing properties are properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, 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.

2 Accounting policies (continued)

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 association's housing properties and related components are depreciated at the following annual rates:

- Housing properties	2%
- Improvements	
Bathrooms	4.0%
Roofing works	2.0%
Boilers	6.7%
Central heating	3.3%
Rewiring	3.3%
External doors	5.0%
Kitchens	5.0%
Windows	5.0%
- Fixtures and furniture	15%

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.

Current asset investments

Investments are stated at market value.

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.

Taxation

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

3 Turnover, operating costs and operating surplus

	Year to 31 December 2009			Year to 31 December 2008	
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Surplus
	£'000	£'000	£'000	£'000	£'000
Social housing lettings					
General needs housing	3,561	(3,037)	524	2,479	411
	3,561	(3,037)	524	2,479	411

The association has not earned revenue or incurred cost from any other social housing activities or non-social housing activities.

4 Particulars of income and expenditure from social housing lettings

	Year to 31 December 2009	Year to 31 December 2008
	£'000	£'000
Turnover from social housing lettings		
Rents receivable net of identifiable service charges	3,481	2,444
Service charges receivable	16	14
Net rental income	3,497	2,458
Other income	64	21
Turnover from social housing lettings	3,561	2,479
Operating cost of social housing lettings		
Management	714	408
Services	31	83
Routine maintenance	1,099	895
Planned maintenance	715	388
Major repairs expenditure	-	-
Bad debts	(8)	224
Depreciation of housing properties	474	68
Other costs	12	2
Operating cost of social housing lettings	3,037	2,068
Operating surplus on social housing lettings	524	411
Void losses	157	136

5 Accommodation in management and development

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

	31 December 2009	31 December 2008
	number	number
Social housing		
General housing	<u>1,130</u>	<u>1,132</u>

6 Surplus on ordinary activities before taxation

This is stated after charging:

	31 December 2009	31 December 2008
	£'000	£'000
Depreciation of housing properties	474	68
Auditors' remuneration (including VAT)	<u>5</u>	<u>5</u>

7 Sales of tangible fixed assets

	31 December 2009	31 December 2008
	£'000	£'000
Proceeds	156	203
Cost of sales	(23)	(3)
Direct expenses	<u>(22)</u>	<u>(33)</u>
	<u>111</u>	<u>167</u>

8 Interest receivable

	31 December 2009	31 December 2008
	£'000	£'000
Bank interest receivable	1	32
	1	32

9 Interest payable and similar charges

	31 December 2009	31 December 2008
	£'000	£'000
Loans and bank overdrafts	349	108
	349	108

10 Employees

	31 December 2009	31 December 2008
The average monthly number of employees (full time equivalents) was as follows:		
Administration	4	4
Maintenance	3	3
Housing services	6	6
Wardens and cleaners	2	2
	15	15

	31 December 2009	31 December 2008
	£'000	£'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	462	273
Social security costs	40	18
Pension contributions	47	27
	549	318

Employees are paid by parent undertaking Mossicare Housing Limited and the cost is recharged to the association.

11 Executive directors

	Basic salary	Benefits in kind	Pension contributions	Year to December	Year to December
	2009	2009	2009	2009	2008
	£	£	£	£	£
Aggregate emoluments	76,985	2,326	10,589	89,900	86,880

Directors emoluments represent 25% of their total emoluments in the year, which is paid by parent company Mosscares Housing Limited and recharged to the association. This represents the proportion of their time spent working on the association.

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £89,183 (2008: £86,640). The Chief Executive is an ordinary member of the Social Housing Pension Scheme. No enhanced or special terms apply. Parent undertaking Mosscares Housing Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

12 Housing properties

	Social housing properties completed
	£'000
Cost	
At beginning of period	6,609
Additions during the period	-
Works to existing properties	11,605
Disposals	(23)
At end of period	18,191
Depreciation	
At beginning of period	68
Charge for period	474
At end of period	542
Cost less depreciation	
At 31 December 2009	17,649
At 31 December 2008	6,541

12 Housing properties (continued)

Expenditure on works to existing properties:

	Year to 31 December 2009 £'000	Year to 31 December 2008 £'000
Amounts capitalised	11,605	5,497
Amounts charged to income and expenditure account	-	-
Total	<u>11,605</u>	<u>5,497</u>

Housing properties book value, net of depreciation comprises:

	31 December 2009 £'000	31 December 2008 £'000
Freehold land and buildings	962	1,044
Reimprovements	<u>16,687</u>	<u>5,497</u>
	<u>17,649</u>	<u>6,541</u>

13 Debtors

	31 December 2009 £'000	31 December 2008 £'000
Due within one year		
Arrears of rent and service charges	385	402
Provision for bad and doubtful debts	<u>(233)</u>	<u>(248)</u>
	152	154
Value added tax	200	697
Other debtors	16	12
Prepayments and accrued income	<u>2</u>	<u>30</u>
	<u>370</u>	<u>893</u>

All amounts fall due for payment within 1 year.

14 Short term investments

	31 December	31 December
	2009	2008
	£'000	£'000
Money market deposits	-	40

There are no balances in the above charged to lenders.

15 Cash at bank and in hand

	31 December	31 December
	2009	2008
	£'000	£'000
Cash at bank and in hand	627	77

16 Creditors: amounts falling due within one year

	31 December	31 December
	2009	2008
	£'000	£'000
Bank overdraft	-	2
Rents and service charges received in advance	66	49
Amounts owed to group undertakings	237	592
Other creditors	339	347
Accruals and deferred income	850	883
	1,492	1,873

17 Creditors: amounts falling due after more than one year

	31 December 2009	31 December 2008
	£'000	£'000
Debt (Note 18)	16,007	5,001
Retentions	300	135
Funds held on behalf of others	132	114
	16,439	5,250

18 Debt analysis

	31 December 2009	31 December 2008
	£'000	£'000
Loans repayable by instalments		
After more than five years	16,007	5,001

The loans are secured by fixed charges on all the association's properties. The loans repayable by instalments will be repaid by quarterly instalments after the association reaches its peak debt position and are at fixed or variable rates of interest ranging from 0.67% to 5.11%. The final instalments fall to be repaid in the period 2035 to 2039.

In addition to the above debt, at 31 December 2009 the association had undrawn loan facilities of £14.7m (2008 : £25.7m).

19 Non equity share capital

	31 December 2009	31 December 2008
	£	£
Shares of £1 each issued and fully paid		
At beginning of period	12	12
Shares issued during the period	1	2
Shares surrendered during the period	(2)	(2)
At end of period	11	12

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.

20 Reserves

	31 December 2009	31 December 2008
	£'000	£'000
1 January	428	(74)
Surplus for the financial period	287	502
31 December	715	428

21 Ultimate controlling party

The ultimate holding association is Mossclare Housing Limited which is a Housing Association registered in England under the Industrial and Provident Societies Act 1965 to 2002 and with the Tenant Services Authority under the Housing Act 1996 (as amended by the Housing Act 2004).

Mossclare Housing Limited has the right to appoint members to the Board of the association and thereby exercises control over it.

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

	31 December 2009 £'000	31 December 2008 £'000
Operating surplus	524	411
Depreciation charges	474	68
	998	479
Working capital movements		
Decrease / (increase) in debtors	523	(770)
(Decrease) / increase in creditors	(310)	1,714
	1,211	1,423
Net cash inflow from operating activities	1,211	1,423

23 Reconciliation of net cash flow to movement in net debt

	31 December 2009 £'000	31 December 2008 £'000
Increase in cash at bank and bank overdrafts	(552)	(75)
Decrease / (increase) in money market investments	40	(40)
Cash inflow from increase in debt	10,994	5,001
	10,482	4,886
Change in net debt resulting from cashflows	12	-
Net debt at 31 December 2008	4,886	-
	15,380	4,886
Net debt at 31 December 2009	15,380	4,886

24 Analysis of net debt

	31 December 2009 £'000	31 December 2008 £'000
Cash at bank and in hand	627	77
Bank overdraft	-	(2)
Money market investments	-	40
Debts due after one year	<u>(16,007)</u>	<u>(5,001)</u>
	<u>(15,380)</u>	<u>(4,886)</u>

25 Financial commitments

Capital Commitments

	£'000	£'000
Contracted for but not provided for in the financial statements	6,674	15,090
Authorised by Board but not yet contracted for	<u>3,605</u>	<u>-</u>
	<u>10,279</u>	<u>15,090</u>

26 VAT on stock transfer

Immediately prior to entering into the stock transfer agreement, Manchester City Council (“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 (£38.16m). At transfer the association 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 the association to recover VAT on improvement costs that would otherwise have been expensed.

At the time of the transfer the association 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 the association under the development agreement in relation to the anticipated cost of the improvements (£38.16m).

At 31 December 2009 £17.2m of the refurbishment works had been completed.

27 Related Parties

There were four tenant members on the Board; Peter Donohue, Delia Hampton Wild, Susan Thompson and Lorna Woods (who resigned on 14 December 2009). Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

One Board is a Councillor for Stockport Metropolitan Borough Council, Mr Paul Porgess, and another is 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

Recharges from the parent to the association during the year in respect of Service Level Agreements amounted to £197,316 (2008: £310,262).