

# Plymouth Community Homes



Consolidated Financial Statements  
For The Year Ended 31 March 2012

**Work**

**Strengthen**

**Improve**

for

each

our

**Plymouth**

**Community**

**Homes**



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Contents**

<b>Contents</b>	<b>Page</b>
• Legal and Administrative Details	2-5
• Report of the Board	6-16
• Report of the Independent Auditors on the Financial Statements	17-18
• Income and Expenditure Account	19
• Statement of Total Recognised Surpluses and Deficits	20
• Balance Sheet	21-22
• Cash Flow Statement	23
• Notes to the Financial Statements	24-59

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Legal and Administrative Details**

Registered Office: Princess Court, 23 Princess Street, Plymouth, PL1 2EX

Legal Status : Plymouth Community Homes is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority (registration 30637R) and the Homes and Communities Agency (registration L4543).

At the time of signing these financial statements Plymouth Community Homes has three wholly owned subsidiaries, Plymouth Community Homes Services Limited (company number 07001677), Plymouth Community Homes Regeneration Company Limited (company number 7272688) and Plymouth Community Homes Energy Limited (company number 8028170). All three subsidiaries are incorporated under the Companies Act 2006. Plymouth Community Homes Energy Limited was incorporated on 12 April 2012 and is therefore not included in these consolidated accounts to 31 March 2012.

**Members of the Board:**

Name	Appointment Dates		Boards / committees	
Elaine Pellow	10 Mar 2009	Tenant	Customer Focus Committee, Governance Committee	Chair of Plymouth Community Homes from 10 Oct 2011 Chair Plymouth Community Homes Services to 15 Nov 2011, Chair Customer Focus Committee to 15 Nov 2011
Sue Dann	Re-appointed 20 May 2011	Council nominee	Audit and Risk Committee	Vice Chair of Plymouth Community Homes from 10 Oct 2011
Peter Ebsworth	Re-appointed 29 Sep 2011	Tenant	Plymouth Community Homes Services Board, Plymouth Community Homes Regeneration Company Board	Chair of Plymouth Community Homes to 10 Oct 2011. Chair Plymouth Community Homes Services Board from 15 Nov 2011
Alan Clifford	30 Jun 2009	Independent	Audit and Risk Committee	Chair Audit and Risk Committee
Nigel Warn	Re-appointed 29 Sep 2011	Tenant	Governance Committee, Customer Focus Committee	Chair Governance Committee
Jack Thompson	Re-appointed 20 May 2011	Council nominee	Plymouth Community Homes Regeneration Company Board	Chair Plymouth Community Homes Regeneration Company Board
Nicky Williams	20 May 2011	Council nominee	Customer Focus Committee, Governance Committee	Chair of Customer Focus Committee from 15 Nov 2011
Roger Pipe	31 Aug 2010	Independent	Governance Committee Plymouth Community Homes Energy Board	Chair of Plymouth Community Homes Energy Board from 23 Apr 2012
Brian Roberts	20 May 2011, resigned 18 May 2012	Council nominee	Audit and Risk Committee, Plymouth Community Homes Services Board	
Katie Pratt	29 Sep 2011	Independent	Audit and Risk Committee	
Maureen Alderson	10 Oct 2011	Independent	Audit and Risk Committee, Customer Focus Committee	

**Plymouth Community Homes Ltd  
Consolidated Financial Statements for the Year Ended 31 March 2012  
Legal and Administrative Details**

Sheila Cooper	29 Sep 2011	Leaseholder	Customer Focus Committee, Plymouth Community Homes Energy Board	
Thomas Browne	Appointed 11 Apr, resigned 20 May 2011. Re-appointed 18 May 2012	Council nominee	Audit and Risk Committee, Plymouth Community Homes Services Board.	
Zilpah Walton	Resigned 29 Sep 2011	Independent	Customer Focus Committee	Vice Chair of Plymouth Community Homes to 29 Sep 2011
Christine Watts	Resigned 19 Aug 2011	Leaseholder	Plymouth Community Homes Regeneration Company Board, Audit and Risk Committee	
Sue McDonald	Resigned 20 May 2011	Council nominee	Audit and Risk Committee	

**Directors of Plymouth Community Homes Services Ltd:**

Peter Ebsworth - Chair from 15 Nov 2011  
 Brian Roberts – appointed 15 Nov 2011  
 Clive Turner  
 Martin Snell  
 Elaine Pellow - Chair to 15 Nov 2011, resigned from PCHS Board 15 Nov 2011.

**Directors of Plymouth Community Homes Regeneration Company Ltd:**

Jack Thompson - Chair  
 Peter Ebsworth - appointed 15 Nov 2011  
 Clive Turner  
 Sue Shaw  
 Nigel Pitt (Independent)  
 Christine Watts - resigned 19 Aug 2011

**Directors of Plymouth Community Homes Energy Ltd**

Roger Pipe - appointed 12 Apr 2012 as Chair  
 Sheila Cooper - appointed 12 Apr 2012  
 Clive Turner - appointed 12 Apr 2012  
 Gill Martin - appointed 12 Apr 2012

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Legal and Administrative Details**

<b>Audit and Risk Committee:</b>	<p>Alan Clifford – Chair  Sue Dann appointed committee 15 Nov 2011  Maureen Alderson appointed committee 15 Nov 2011  Katie Pratt appointed committee 15 Nov 2011  Brian Roberts appointed committee 15 Nov 2011, resigned 18 May 2012</p>	<p>Jack Thompson resigned committee 15 Nov 2011  Christine Watts resigned 19 Aug 2011  Sue McDonald resigned 20 May 2011  Nicky Williams resigned committee 15 Nov 2011</p>
<b>Customer Focus Committee:</b>	<p>Nicky Williams - Chair appointed committee 15 Nov 2011  Elaine Pellow - Chair to 15 Nov 2011  Nigel Warn  Sheila Cooper appointed committee 15 Nov 2011  Maureen Alderson appointed committee 15 Nov 2011</p>	<p>Zilpah Walton resigned 29 Sep 2011  Christine Watts resigned 19 Aug 2011  Brian Roberts resigned committee 15 Nov 2011</p>
<b>Governance Committee:</b>	<p>Nigel Warn - Chair    Alan Clifford  Roger Pipe  Elaine Pellow appointed committee 15 Nov 2011  Nicky Williams appointed committee 15 Nov 2011</p>	<p>Peter Ebsworth resigned committee 15 Nov 2011  Sue Dann resigned committee 15 Nov 2011</p>
<b>Customer Assurance Panel</b>	<p>Malcolm Clancy - appointed 17 May 2011, Chair from 21 Mar 2012  Glynis Leaton - appointed 17 May 2011  Diana Hill - appointed 17 May 2011  Patricia Turner - appointed 17 May 2011  Keith Shepherd - appointed 17 May 2011  Derek Wheatley - appointed 17 May 2011  Christine Hall - appointed 17 May 2011  Sheila Cooper - resigned 28 Sep 2011  David Luckham - appointed 1 Jan 2012, resigned 26 Apr 2012</p>	
<b>Executive Management Team:</b>	<p>Clive Turner - Chief Executive  Nicholas Jackson - Finance Director  Gill Martin - Director of Corporate Services  Sue Shaw - Director of Housing and Neighbourhoods  Martin Snell - Director of Property Services</p>	
<b>Company Secretary:</b>	<p>Belinda Pascoe</p>	

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Legal and Administrative Details**

External Auditors:	<b>KPMG LLP</b> 3 Longbridge Road Plymouth PL6 8LT	
Internal Auditors	<b>PricewaterhouseCoopers LLP</b> Princess Court 23 Princess Street Plymouth PL1 2EX	
Tax Advisers:	<b>KPMG LLP</b> 100 Temple Street Bristol BS1 6AG	
Principal Bankers:	<b>National Westminster Bank Plc</b> 14 Old Town Street Plymouth PL1 1DG	
Funders:	<b>The Royal Bank of Scotland plc</b> Housing Finance 7th Floor 135 Bishopsgate London EC2M 4UR	
Security Trustees:	<b>Prudential Trustees</b> Governors House Laurence Pountney Hill London EC4R 0HH	
Solicitors:	<b>Trowers &amp; Hamlins LLP</b> The Senate Southernhay Gardens Exeter EX1 1UG	<b>Devonshires</b> 30 Finsbury Circus London EC2M 7DT
	<b>Cobbetts</b> One Colmore Square Birmingham B4 6AJ	<b>Ashfords LLP</b> Princess Court 23 Princess Street Plymouth PL1 2EX
	<b>Foot Anstey</b> Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN	<b>Bond Pearce</b> Ballard House West Hoe Road Plymouth PL1 3AE
Financial Advisers:	<b>Savills (L&amp;P) Ltd</b> 20 Grosvenor Hill London W1K 3HQ	<b>J.C. Rathbone Associates Ltd<sup>1</sup></b> 12 St James' Square London SW1Y 4LB
	<b>Cannacord Genuity<sup>2</sup></b> 88 Wood Street London EC2V 7QR	

---

<sup>1</sup> To 27 February 2012

<sup>2</sup> From 28 February 2012

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

The Board presents its report and the audited financial statements for the year ended 31 March 2012.

**A Profile of Plymouth Community Homes Ltd**

Plymouth Community Homes was registered with the Financial Services Authority on 3<sup>rd</sup> March 2009 and commenced trading on 20<sup>th</sup> November 2009. The Housing Association is entrusted with the ownership and management of approximately 15,000 homes which transferred from Plymouth City Council on 20<sup>th</sup> November 2009, and provides a range of key customer services across Plymouth.

Our vision is to Work for Plymouth, Strengthen each Community and Improve the Quality and Services in our Homes.

Plymouth Community Homes is a Registered Provider (RP) with the Homes and Communities Agency (HCA) (previously Tenant Services Authority) and is a charitable Industrial and Provident Society. In addition, the Association has established three separate subsidiaries, Plymouth Community Homes Services, providing manufacturing services to external customers, Plymouth Community Homes Regeneration Company, which oversees the regeneration of the North Prospect estate and Plymouth Community Homes Energy which oversees (as a pilot) the installation, monitoring and maintenance of photo voltaic cells to a number of the Association's properties (incorporated on 12 April 2012). Significant funding has been secured from the Homes and Communities Agency (HCA) and private funding from the Royal Bank of Scotland.

We have had a successful year and this is recognised in our latest viability review from the regulator, dated February 2012 which said that "The association meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability, however exposures exist which make it vulnerable to deterioration." This is the same conclusion as in 2010/11.

We continue to be committed to meeting our promises to residents on a whole range of issues, from repairing and improving homes to tackling anti-social behaviour, and from improving local services to strengthening our communities. Overall, there are 125 promises and at the end of March 2012 we had delivered 83 of them (66%). You can find all the promises on our website.

**Plymouth Community Homes Services Ltd**

The principal activity of Plymouth Community Homes Services Ltd is the sale of windows, doors, joinery, signs and ironwork to customers outside the Plymouth Community Homes Group.

The key objective of the Company is to grow its trading in a sustainable way, maintain product quality and workforce skills, achieve a high level of customer satisfaction and offer a value for money portfolio of products and services.

The Company supports the work and objectives of its parent company, Plymouth Community Homes Ltd, by paying over its profits under gift aid.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

**Plymouth Community Homes Regeneration Company Ltd**

Plymouth Community Homes Regeneration Company Ltd was incorporated on 3<sup>rd</sup> June 2010 to oversee the design and build work for the North Prospect Development. The company was set up to channel financial contracts and cash flows for the development on North Prospect with the aim of reducing tax and commercial risks to PCH.

The Company has successfully overseen the appointment of contractors and start on site of phases 1a and 1b of the development.

**Plymouth Community Homes Energy Ltd**

Plymouth Community Homes Energy Ltd was incorporated on 12 April 2012, as a company limited by shares, and will own photo voltaic cells on a number of Plymouth Community Homes' properties. The company will receive the Feed in Tariff and Export Tariff from these cells. Tenants in these properties will benefit from free electricity produced by these cells during the day.

PCH Energy will initially oversee a pilot scheme, which will be evaluated prior to any further work taking place.

**Business Objectives 2010 - 2015**

We have published a 2012 revision to our 'Business Plan 2010-2015: A focus on our promises'. The following extracts summarise the Association's strategies for achieving our vision which is to: *Work For Plymouth, Strengthen Each Community and Improve Our Homes and Services.*

We will do this by focusing on

- Customers and Communities
- Homes
- The Environment
- Our People
- Governance
- Money and Resources

**Customers and Communities**

We are here to provide the homes, the living environment and the thriving, safe neighbourhoods that our customers want to live in. Our services are reviewed by our customers and where we find that customers want something different we change things and make it happen.

Our staff are action-focussed. They spend the majority of their time out and about in the areas they manage - talking to customers and getting things done. They arrange events to bring communities together, to gather ideas locally and to make sure that we deliver the solutions that suit individual areas.

We know that there is a huge amount of untapped potential out among those who live in PCH homes and this year we aim to work closely with a lot more customers on a range of



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

exciting projects. In particular, we will look at all things healthy and we'll be focussing on young people and people from diverse backgrounds.

**A focus on homes**

The quality of our tenants' homes is at the heart of what we do and we are committed to meeting the Plymouth Community Homes decent homes standard by the end of 2014/15.

We have now commenced the regeneration of North Prospect and identified the 2nd Phase of this programme. We will continue with the progress made by the in-house repairs team in improving customer satisfaction with repairs, in managing empty homes and in tackling repairs and adaptations.

**A focus on the environment**

The quality of the local environment is important to our residents. We want to do more than improve the internal quality of peoples' homes. We want people to feel a pride in their local area and we want our homes and estates to look good and feel like good places to live in.

We will involve residents in the work on the external environment and ask them for their views. The work will be funded primarily through our Money Tree Fund, which funds environmental improvements

**A focus on our people**

Plymouth Community Homes aspires to be an organisation that people want to work for, where they will feel motivated, valued and supported to achieve their potential.

Plymouth Community Homes will provide opportunities for learning and development, a good working environment, open and honest communications and an attractive reward package which compares favourably in the housing sector.

**A focus on governance**

Strong, effective, open and accountable governance is key to a successful organisation. Plymouth Community Homes will work within the parameters of the National Housing Federation Excellence Governance code with effective input from our customers who provide a scrutiny role across our services.

Plymouth Community Homes will conduct its affairs in a professional manner, in accordance with legal and regulatory requirements, ensuring we recognise the diversity of our customers and staff.

**A focus on money and resources**

Plymouth Community Homes is a multi-million pound organisation. We receive extensive grant funding from the Homes and Communities Agency and extensive loan funding from the Royal Bank of Scotland. The Association also receives millions of pounds of income from our customers.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

Our stewardship of these resources is very important and we want to ensure that we achieve value for money across the whole organisation, through effective procurement and financial management.

**Performance**

The Management Teams and Board use a variety of management information and performance indicators, both financial and non-financial, to assist with the effective management of the Association's activities.

The table below summarises the key performance indicators

	<b>2010/11 Outturn</b>	<b>2011/12 Outturn</b>	<b>2012/13 Target</b>
% of Rent Collected as a percentage of rent achievable (excl arrears brought forward)	99.21%	99.8%	100%
Current arrears as a % of annual debit (net) – based on Actual arrears	3.21%	3.11%	2.5%
% of Rent void rent loss	0.92%	1%	0.9%
Average number of days taken to re-let void properties	36.72	28.51	28
Percentage of Lettings to BME Residents (cumulative)	3.59%	2.45%	4.6%
Percentage decent homes	39.56%	60.02%	72%
Percentage of Stage One Complaints responded to In Full within Timeframe	64.69%	100%	100%
Percentage of respondents very or fairly satisfied with the outcome of their ASB complaint	N/A	83.87%	75%
Number of properties with a gas supply and a valid landlords gas safety certificate	99.83%	99.94%	100%
Percentage of emergency repairs completed within published timeframe (24 hours)	95.65%	99.52%	98%
Percentage of Routine Repairs completed within Published Timeframe (20 Days)	90.8%	98.26%	98%

In addition the 2011 Customer Satisfaction survey showed that

- 82% of tenants are satisfied with services overall compared with 73% in 2008
- 81% of tenants are satisfied with repairs compared with 73% in 2008
- 83% of tenants think we provide good value for money compared with 75% in 2008.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

**Financial Position**

Sound financial planning is crucial for Plymouth Community Homes. Our financial plans are designed so we can meet our promises to residents, fulfil our regulatory requirements and demonstrate long term viability.

We regularly review our financial planning and each year our lenders approve our plans and refresh their commitment to lending us the money we need. Over the last year we have again met our performance targets and exceeded our financial targets. We have coped well with the economic recession and although we still have challenging efficiency targets to meet, we are in a good position to face the future.

We remain on track to meet all of our five year promises and have adapted to the change in funding rules for new affordable homes. Our plans for the future were based on receiving more development funding but under the Coalition Government the rules have changed.

We have secured grants from the Homes and Communities Agency under the new rules to regenerate North Prospect but at lower amounts. The money to meet the shortfall will now come from charging higher rents at 80% of market rents to some of our residents. These rents are known as affordable rents since they remain cheaper than rents in the open market.

We have a programme of converting around 800 homes to 80% of market rent by 2015 and also letting 75% of new build homes at this rent. This will allow us to carry on with the regeneration of North Prospect and look for some modest development of new homes in other parts of the city. We are also conscious that the Government is looking to increase right to buy sales of homes but expects the money to be used to build the same number of new homes. We aim to follow this policy as far as we can with the support of Plymouth City Council.

For the financial year ending 31 March 2012 we made a surplus of £27m to add to last year's surplus of £30m and £7m for the five months before. However when these amounts are adjusted for revenue gap funding and other miscellaneous income then we have an underlying deficit of £3m to date.

The gap funding is meeting existing costs. After we stop receiving grants in August 2013 we will still have more than £60m to spend on improving properties by the end of year five. By the end of this five year plan our income is projected to rise from £47m to £55m and costs remain constant at around £61m (excluding capitalised major works).

We have now successfully claimed gap funding from the Government of £58m towards our Decent Homes work and received £3m of grants from the Homes and Communities Agency to meet the upfront costs of regenerating North Prospect. We expect to receive the remaining gap funding of £67m as £25m in 2012/13 and £42m in 2013/14.

We also expect to receive a further £5.6m development funding for the phases of North Prospect currently underway or shortly to be approved.

The main source of income for Plymouth Community Homes remains the rents which are amongst the lowest in the country (2nd lowest in 2010/11).

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

At least until 2015, social rents will continue to be governed by the Government's policy on rent restructuring which applies to all social housing providers. This policy sets a target rent to be achieved by 2012/13, but we will keep to our promise of bringing rents to this target by 2016 in the same way that Plymouth City Council would have done.

Rents will therefore increase by Retail Price Index +/- ½% each year plus a move to the target rent of a maximum of £2 per week. New tenants will automatically be charged their target rent. Unlike many housing associations, we are not going to charge an additional 5% on rents for general needs housing and 10% on supported housing, except where we build or acquire new properties which are let at a social rent. Currently 84% of our properties are at their target rent.

The rents for 2012/13 will increase on average by 6.4%. As in 2011/12 this increase is above our Business Plan expectation and creates more income to strengthen our financial position so we can better secure long term investment into our homes and communities.

Closely linked with rents are the service charges to leaseholders and tenants. During the first year of this plan we reviewed what services are provided and who is paying for them. We now have a system where over time residents will pay for the full cost of services. Charges will be fair and we can be held to account for the quality of services. This will allow us to meet the financial targets in the Business Plan and secure the continued provision of services that tenants want.

Value for money is critically important to Plymouth Community Homes. We will ensure that tenants and leaseholders are consulted as we move forward, so that they know they can sometimes influence what decisions we make about rents and service charges, and importantly, understand why we need to make those decisions. We have already agreed specific service standards with residents in individual blocks of flats and will continue to do this as well as seek ways to keep services cost effective.

We have also begun to look at how both our outward facing and support services compare to other registered providers in terms of both cost and quality. Initial indicators are that we are reasonably cost effective and provide some good services, but we are inconsistent and need to get better. We are making changes to ensure we can do this not least by changing the way our repairs team works.

Finally, an area where we can begin to create some additional money is income from commercial services which will generate c£4m by the end of year five. This is mainly shops, but also includes Plymouth Community Homes Services – the trading arm of Plymouth Community Homes.

We reviewed the trading arm's capacity during the first year and decided that at the moment it is better for manufacturing to focus on supporting PCH to meet the promises we made to tenants. We are now reviewing how we can expand into external markets as we approach the end of the five year promises period.

We now directly manage all our shops and are adopting a consistent approach to charging and duties under these leases. This will help sustain neighbourhoods and support local business.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

**Capital Structure and Treasury Policy**

The core funding comes from Government Gap Funding of £118m over 4 years.

As part of the transfer Plymouth Community Homes negotiated loan facilities totalling £110m, of which none was drawn at 31<sup>st</sup> March 2012. The undrawn balance of £110m will be required to meet future development programme requirements as laid out in the Business Plan.

Based on the current 2012 Business Plan, borrowings will reach £89m at the end of 5 years (March 2017) and will peak at £105.6m in 2021. We pay back the loan in 2039/40 which is the end of its term. The plans meet conditions set by lenders for us to continue to borrow money. A key measure is the security of the stock against these loans. The security valuation at 31 March 2012 was £214.4m as long as we continue to receive the maximum Gap Funding.

As part of the Treasury Management Strategy, Plymouth Community Homes has implemented a hedging strategy to protect a proportion of the loan against the potential of rising interest rates. The hedge was taken out at Transfer, and restructured in September 2010 into a fixed rate loan, from 20 May 2012 to 20 February 2039, and a 10-year interest rate SWAPtion starting 20 August 2014. In May 2012 the first year of the fixed rate was bought out.

Plymouth Community Homes operates a centralised Treasury Management function. Its primary function is to manage liquidity, funding, investment and financial risk, including risk from volatility in interest rates. Treasury Policies are approved by Plymouth Community Homes Ltd Board. 100% of borrowings will be on a variable rate until May 2013. The forward fixed rate loan represents 50-75% of the anticipated debt to be borrowed. The SWAPtion represents 75% of the funds needed to regenerate North Prospect. Based on current market rates the SWAPtion would not be exercised.

Surplus cash is invested according to policies approved by the Board, with the preservation of capital value as the primary objective. Funds are deposited with a limited list of approved banks, whose ratings are monitored continually, and may also be invested in approved Money Market Funds.

**Cash Flows**

The operating activities of Plymouth Community Homes generated a cash inflow of £29.7m which, after allowing for capital expenditure and financing movements, led to a net overall increase in the cash balance of £3.7m.

During the period, £32m was spent on improving homes towards the decent homes standards and on developing North Prospect. After the receipt of Gap Funding and the proceeds of Right to Buy sales, the net capital expenditure was £10.8m.

At 31 March 2012 there was a GAP funding debtor of £25m (within 1 year) and £24m (after 1 year). This forms part of the overall funding from the Homes and Communities Agency of £125m. The Royal Bank of Scotland loan was repaid before 31 March.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

**Valuation of Property Assets**

Completed housing properties were valued as at 31 March 2012 by Savills (L&P) Limited. Valuation Basis 2 assumes that a number of voids would be sold on the open market with vacant possession as they arise. The resultant figures for the housing stock were: Guaranteed Gap Funding - £176,815,000 (2010/11 £202,497,000). If the Maximum Gap Funding is received the valuation is £214,414,000 (2010/11 £230,918,500).

**The Board**

Membership of the Board, including subsidiaries, is detailed on page 2.

**Share Capital**

Plymouth Community Homes Limited was registered under the Industrial and Provident Societies Act 1965 on 3 March 2009. Plymouth City Council and the eight 'non Local Authority' Board members subsequently became shareholders. An additional 29 shares have since been issued, making a total share capital of £38.

**Statement of Board's responsibilities in respect of the Board's report and the financial statements**

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

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

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

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

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

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Industrial and Provident Societies (Group Accounts) Regulation 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group & Association and to prevent and detect fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board has adopted the National Housing Federation Code of Excellence in Governance and the Association broadly complies with the requirements of that Code.

**The Board's Report on Internal Controls Assurance**

The Board is responsible for the Group's systems of internal control and for reviewing their effectiveness. The overall decision-making processes and roles of the Board are supported by three committees:

- The Audit and Risk Committee
- The Governance Committee
- The Customer Focus Committee

A Customer Assurance Panel has been established to support the Board, through the Customer Focus Committee, in its role of ensuring that Plymouth Community Homes provides excellent customer services to all its customers. The panel plays a key role in our approach to co-regulation, through the scrutiny of our performance, particularly the delivery of transfer promises, the completion of agreed action plans and how we meet regulatory standards.

The Group's systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

We have implemented a robust process for managing, evaluating, mapping and monitoring the significant risks faced by the Group and this is continually being developed and is regularly reviewed by both the Audit and Risk Committee and the Board.

We have robust financial planning and monitoring systems and have now enhanced these by establishing a few financial indicators which we can use as a means to evaluating the risk to our business as we change the way we work. This will help us to make good investment decisions and keep within our financial covenants with the lenders as the business moves forward.

There is an anti-fraud and anti-money laundering policy covering prevention, detection and reporting and the recovery of assets. This is also supported by a whistle blowing policy. We have registered with the Office of Fair Trading under the Anti Money Laundering regulations 2007

The Board has reviewed the Fraud Register and can advise that there was one non-material recorded incident during the year to 31st March 2012 and up to the date of signing these financial statements.

The Board exercises internal control through a framework, which comprises:

- Board overview of plans, finances and key policies
- Operational reports on key business drivers
- Performance information

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

- Risk management strategy and policy
- Assurance framework
- Compliance with quality management systems
- The Executive's management assurance and Members' review
- Internal audit
- External audit
- Reports to regulators and funders

The Audit and Risk Committee reviews reports received from management and from internal and external auditors and will make regular reports to the Board on the extent to which internal controls continue to take account of the major risks facing the Group. A formal process exists for the reporting and correction of significant control weaknesses.

The Board has received the Executive's annual report and has conducted its annual review of the effectiveness of the system of internal control. Account has been taken of any changes needed to develop and maintain the effectiveness of the risk management and control process. The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the Annual Report.

In August 2011, we became aware of a significant issue in the management of the housing with support provision. We commissioned PWC to undertake a special investigation, to run concurrently with our own internal investigation. This investigation identified a range of risks which supported the results of our own internal investigations.

An action plan was drafted by the Director of Housing and Neighbourhoods and progress against this plan was regularly reported to the Customer Focus Committee, (as instructed by the Board). PWC completed a follow-up review at our request in April 2012, the results of which confirmed that ten of the eleven recommendations raised by PWC had been satisfactorily completed by 31 March 2012. The outstanding action relates to the review of the staff structure and roles within the team which was approved by the Board in June 2012 and it has now been agreed that this is complete.

### **Internal Audit Annual Report**

PWC completed 14 planned internal audit reviews. This resulted in the identification of 1 high, 18 medium and 20 low risk findings to improve weaknesses in the design of controls and / or operating effectiveness.

In their report PWC stated that "The direction of travel highlights the significant progress made by the Association in embedding an effective control environment since the transfer of the housing stock in November 2009." They also found that in relation to recommendations from previous years audits, that "Good progress has been made implementing the recommendations within the agreed timescales."

PWC undertook a follow up to the special investigation of the Housing with Support Service in April 2012. Based on the work completed, PWC stated that: "we believe that these issues are isolated to the housing with support system and, when taken in aggregate, are not considered pervasive to the system of internal control as a whole"



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Report of the Board**

**Disclosure of information to auditors**

The Members of the Board who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Member of the Board has taken all the steps that he/ she ought to have taken as a Member of the Board to make himself/ herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**Auditors**

A resolution for the re-appointment of KPMG LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Elaine Pellow', with a large, stylized initial 'E'.

**Elaine Pellow, Chair**

**Date : 7 August 2012**

*Plymouth Community Homes is registered with the Financial Services Authority (registration 30637R) and the Homes and Communities Agency (registration L4543)*

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**

**Independent auditor's report to the members of Plymouth Community Homes Limited**

We have audited the financial statements of Plymouth Community Homes Limited for the year ended 31 March 2012 on pages 19 - 59.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 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 auditor**

As more fully explained in the Statement of Board's Responsibilities set out on page 13 and 14, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, 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**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

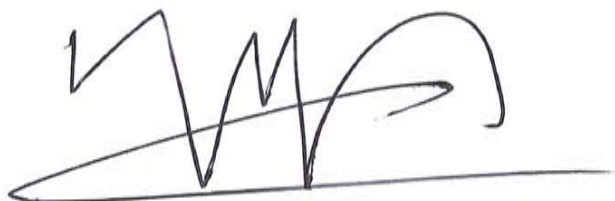
- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and Association as at 31 March 2012 and of the Group and Association surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Harry Mears (Senior Statutory Auditor)  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*Plym House*  
*3 Longbridge Road*  
*Plymouth*  
*PL6 8LT*

15 August 2012

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**

**Income and Expenditure Account**

		Group Association		Group Association	
		Year to		Year to	
		31 March 2012		31 March 2011	
	Note	£'000	£'000	£'000	£'000
<b>Turnover</b>	2a	82,064	81,452	74,317	73,463
Cost of sales	2a	(399)	-	(545)	-
Operating costs including exceptional pension credit of nil (2011 : £ 3,845,000)	2a	(54,440)	(54,283)	(43,105)	(42,898)
<b>Operating surplus</b>		<b>27,225</b>	<b>27,169</b>	<b>30,667</b>	<b>30,565</b>
<b>Surplus on sale of properties not developed for outright sale</b>	6	<b>740</b>	<b>740</b>	<b>1,059</b>	<b>1,059</b>
<b>Surplus on sale of other fixed assets</b>		<b>22</b>	<b>22</b>	<b>22</b>	<b>22</b>
Interest receivable	7	266	266	5	5
Interest payable and similar charges	8	(1,116)	(1,116)	(1,495)	(1,495)
<b>Surplus on ordinary activities for the period before taxation</b>	3	<b>27,137</b>	<b>27,081</b>	<b>30,258</b>	<b>30,156</b>
Gift Aid Receivable		-	284	-	115
Tax on surplus on ordinary activities	9	-	-	-	-
<b>Surplus on ordinary activities for the period after taxation</b>	17	<b>27,137</b>	<b>27,365</b>	<b>30,258</b>	<b>30,271</b>

All amounts relate to continuing activities. The above results are based on historic costs.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**

**Statement of Total Recognised Surpluses and Deficits**

		<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
		<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Surplus for the period	17	<b>27,137</b>	<b>27,365</b>	<b>30,258</b>	<b>30,271</b>
Actuarial loss on pension scheme	15	<b>(10,209)</b>	<b>(10,209)</b>	<b>(4,442)</b>	<b>(4,442)</b>
<b>Total surplus recognised for the year</b>		<b>16,928</b>	<b>17,156</b>	<b>25,816</b>	<b>25,829</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**

**Balance Sheet at 31 March 2012**

		<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
		<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<i>Note</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed Assets</b>					
Tangible assets - Housing	10	54,217	54,457	24,264	24,275
Less: Social Housing Grant		(3,801)	(3,801)	(2,672)	(2,672)
Less: GAP Funding	10	(42,161)	(42,161)	(18,195)	(18,195)
Less: Other Grant		(882)	(882)	-	-
		<u>7,373</u>	<u>7,613</u>	<u>3,397</u>	<u>3,408</u>
Tangible assets - Other	10	6,593	6,593	2,799	2,799
		<u>13,966</u>	<u>14,206</u>	<u>6,196</u>	<u>6,207</u>
<b>Assets : amounts receivable after more than one year</b>					
Development debtor		36,797	36,797	73,693	73,693
GAP Funding		23,694	23,694	7,001	7,001
Deferred Loan Costs		1,181	1,181	-	-
	12	<u>61,672</u>	<u>61,672</u>	<u>80,694</u>	<u>80,694</u>
<b>Current Assets</b>					
Shared Ownership properties	28	1,762	1,762	-	-
Stock	11	822	822	768	768
Debtors	12	36,555	36,725	47,694	47,710
Cash at bank and short term deposits		3,876	3,668	173	136
		<u>43,015</u>	<u>42,977</u>	<u>48,635</u>	<u>48,614</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(20,363)</u>	<u>(20,325)</u>	<u>(14,408)</u>	<u>(14,386)</u>
<b>Net current assets</b>		<u>22,652</u>	<u>22,652</u>	<u>34,227</u>	<u>34,228</u>
<b>Total assets less current liabilities</b>		<u>98,290</u>	<u>98,530</u>	<u>121,117</u>	<u>121,129</u>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**

	Note	Group 2012 £'000	Association 2012 £'000	Group 2011 £'000	Association 2011 £'000
<b>Creditors: amounts falling due after more than one year</b>	14	-	-	13,165	13,165
Development creditor		36,797	36,797	73,693	73,693
<b>Pension liability</b>	15	13,172	13,172	2,866	2,866
<b>Capital and Reserves</b>					
Share Capital	16	-	-	-	-
Restricted reserves	17	467	467	603	603
Designated reserve	17	106	106	-	-
Revenue reserve	17	60,920	61,160	33,656	33,668
Pension fund reserve	17	(13,172)	(13,172)	(2,866)	(2,866)
		<u>98,290</u>	<u>98,530</u>	<u>121,117</u>	<u>121,129</u>

The financial statements on pages 19 to 59 were approved by the Board on 7 August 2012 and were signed on its behalf by:

**Chair:**



Elaine Pellow

7 August 2012

**Vice-Chair:**



Sue Dann

7 August 2012

**Secretary:**



Belinda Pascoe

7 August 2012

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**

**Group Cash Flow Statement**

		2011/12	2010/11
	Note	£'000	£'000
<b>Net cash inflow from operating activities</b>	18	28,876	564
<b>Returns on investments and servicing of finance</b>			
Interest received		59	5
Interest paid		(969)	(1,336)
<b>Net cash outflow from returns on investment and servicing of finance</b>	18	<u>(910)</u>	<u>(1,331)</u>
		27,966	(767)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and construction of housing properties		(31,089)	(18,551)
Social Housing Grant Receivable		1,129	2,672
Proceeds from sale of land		882	-
GAP Funding Received		23,124	6000
Proceeds from sale of housing properties		740	1,063
Proceeds from sale of other assets		47	23
Purchase of other fixed assets		(4,596)	(2,222)
<b>Net cash outflow from capital expenditure</b>		<u>(9,763)</u>	<u>(11,015)</u>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		18,203	(11,782)
<b>Management of liquid resources</b>		-	-
<b>Financing</b>	18	<u>(14,500)</u>	<u>10,500</u>
<b>Increase/(decrease) in net cash</b>	19	<u><u>3,703</u></u>	<u><u>(1,282)</u></u>



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**1. Principal Accounting Policies**

**Basis of Accounting**

The Group is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Homes and Communities Agency as a Registered Provider as defined by the Housing and Regeneration Act 2008. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements comply with Schedule 1 of the Housing Act 1996, the Accounting Requirements for Registered Social Landlords General Determination 2006 and the Statement of Recommended Practice (SORP) published by the National Housing Federation in 2010 (SORP 2010). The financial statements are prepared on the historical cost accounting rules.

**Basis of Consolidation**

These consolidated financial statements include the financial statements of the Association and its subsidiary undertakings, Plymouth Community Homes Services Ltd and Plymouth Community Homes Regeneration Company Ltd. Plymouth Community Homes Energy Ltd was incorporated on 12 April 2012 and is therefore not included in these consolidated financial statements to 31 March 2012.

**Going Concern**

The Association and Group have sufficient financial resources based on forecasts and current expectations of future sector conditions. As a consequence, the Board believes that the Association and Group are well placed to manage their business risks successfully despite the current uncertain economic outlook.

The Board has a reasonable expectation that the Association and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis in preparing these financial statements.

**Turnover**

Turnover represents rent and service charge income receivable; revenue grants from the department for 'Communities and Local Government', Local Authorities, the 'Homes and Communities Agency' and other public bodies; the proceeds of first tranche sales of shared ownership properties and any other income. Turnover is shown net of rent and service charge losses from voids.

**Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected remaining economic useful lives of the assets as follows:

<b>Category</b>	<b>Years</b>
Plant & Machinery	5
Motor Vehicles	5
Office and estate equipment and furniture	5
Computer equipment and software	5
Freehold Office Properties	50

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**1. Principal Accounting Policies (continued)**

The threshold for capitalisation is £1,000, the useful economic lives of all tangible fixed assets are reviewed annually. Assets are depreciated from the month following purchase.

**Housing Properties**

Completed housing properties are stated at cost less accumulated depreciation and capital grants and the Association has adopted component accounting.

Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. Expenditure incurred by way of improvement of major repairs that increases the rental income, reduces future maintenance or significantly extends the life of housing properties is capitalised. Other expenditure incurred on major repairs, cyclical or void day to day repairs to housing properties is charged to the Income and Expenditure Account in the period in which it is incurred.

Depreciation is charged on a straight line basis over the expected remaining economic useful lives of the assets as follows:

<b>Category</b>	<b>Years</b>
Structure of Building	80
Kitchens	20
Bathrooms	30
Heating Systems	15
Windows	30
Roofs:	15-80
Flat roofs - felt	15
Pitched roofs - Concrete	55
Pitched roofs - Slate	80
Lifts	25

Social housing property depreciation is charged on the cost, including the cost of components, excluding freehold land, which is not depreciated.

All properties are reviewed for impairment annually.

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant.

Housing properties in the course of construction are stated at cost less Social Housing Grant ('SHG') and are not depreciated.

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

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**1. Principal Accounting Policies (continued)**

**Properties Held for Resale**

Where a decision has been taken to dispose of housing properties, these are held on the balance sheet under current assets. These properties are held at the lower of historical cost less depreciation, or net realisable value.

**Gap Funding Grant**

As the expenditure is eligible under the agreement with department for 'Communities and Local Government' in principle this means that gap funding to match the expenditure is accounted for in the period in which the expenditure has been incurred irrespective of when the grant is received.

Where the capital costs of housing properties have been financed wholly or partly by the grant the cost of the property is shown net of the grant receivable. Grants in respect of revenue expenditure are credited to the Income & Expenditure Account in the same period as the expenditure to which they relate. The associated grant is amortised over the economic useful life of the asset to which it relates.

**Operating Leases**

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

**Loan Issue Costs**

The cost of raising finance is amortised over the period of the facility. The deferred amount is included within debtors or creditors: amounts falling due after more than one year, as appropriate.

**Fair value of assets and liabilities**

The Association has derivative financial instruments that have not been recognised at fair value. This is because the Group is not required to apply FRS 26 'Financial Instruments: Recognition and Measurement.'

**Bad and Doubtful Debts**

Provision is made against rent arrears of current and former tenants and miscellaneous debtors.

**Right to Buy**

Proceeds from the sale of dwellings under Right to Buy are received by the Association in the first instance. The Association is entitled to retain a share of these proceeds in accordance with the terms of the Right to Buy clawback agreement between the Association and Plymouth City Council (PCC). The Association pays the balance to PCC by no later than 30 April immediately following the end of each financial year.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**1. Principal Accounting Policies (continued)**

Surplus relating to such properties are recognised in the Income and Expenditure Account at the date of transfer of title.

**Stocks and Work in Progress**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Pension Costs**

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 17 - 'Retirement Benefits'.

The LGPS scheme is administered by Devon County Council and is independent of the Group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the scheme to meet the benefits accruing in respect of current and future service.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the consolidated statement of total recognised surpluses and deficits.

The pension scheme's surpluses to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

**Restricted Reserves**

Where funds are provided which are subject to external restrictions these are carried in trust and the balance of any unspent funds is held in a restricted reserve.

**Designated Reserves**

Where funds are provided which are to be used for a specific project balance of any unspent funds is held in a designated reserve.

**Provisions**

Provisions are recognised where the Group has an obligation to incur future expenditure. The value of provisions is re-assessed each year in the light of estimated future income and costs as appropriate.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**1. Principal Accounting Policies (continued)**

**Taxation**

The subsidiary companies are liable to Corporation Tax. The charge for taxation is based on the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting. Deferred taxation is provided using the full provision basis, in accordance with FRS 19 - 'Deferred Tax'.

**Value Added Tax ('VAT')**

PCH and its subsidiary Plymouth Community Homes Services Ltd are registered as a VAT Group but a large proportion of its income, including its rents, is exempt for VAT purposes. Under a special arrangement with HM Revenue and Customs, VAT on certain of the Association's planned maintenance and improvement programme is fully recoverable. The costs of these activities are therefore shown net of recoverable VAT. Under the Transfer Agreement 50% is repayable to Plymouth City Council.

The majority of other expenditure which is subject to VAT cannot be reclaimed and is shown inclusive of irrecoverable VAT. The values of the asset and liability which arose under the contract are shown separately in the balance sheet as is the matching release of income and expenditure relating to the asset and liability in the income and expenditure account.

Where opportunities for the regeneration of local authority housing stock arise after transfer requests from tenants and residents, the Association may seek to maximise the resources available for regeneration schemes by entering into VAT shelter arrangements. In these circumstances, the underlying substance of the transactions is reflected in the accounts on a gross basis. The obligation of the local authorities is shown as long term debtors and the obligation as contractors under the refurbishment contracts is shown in long term creditors. Amounts due within one year under the arrangements are classified within current assets and liabilities.

Plymouth Community Homes Regeneration Company Ltd was incorporated on 3<sup>rd</sup> June 2010 to oversee the design and build work for the North Prospect Development. This company is not part of the above VAT group.

**Interest Payable and Capitalisation of Interest Costs**

Loan issue costs are allocated at a constant rate on the carrying amount over the period of the borrowing. Other interest payable is charged to the Income and Expenditure Account in the period.

Interest costs relating to the construction and acquisition of fixed assets are capitalised to the extent that they are incremental to the process and directly attributable to bringing the assets into their intended use.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**1. Principal Accounting Policies (continued)**

**Capitalisation of Administration Costs**

Administration costs relating to development activities are capitalised to the extent that they are part of the development process and directly attributable to bringing the properties into their intended use.

**Income from Supporting People and Support Services**

Supporting People contract income and income from charges for support services are recognised when receivable and included in turnover. If support is provided under a contract separate from a tenancy agreement the related income is shown under 'Supporting People'. Charges for support services, if the services are provided within a tenancy agreement, it is shown as 'Services' costs.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**2a. Turnover, Operating Costs and Surplus: Group**

	2012				2011
	Turnover	Cost of Sales	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000
<b>Income and Expenditure from Social Housing Lettings</b>					
Rents	44,085	-	(46,911)	(2,826)	3,379
Service Charges	2,464	-	(4,618)	(2,154)	(1,857)
GAP funding Revenue Receipt	31,003	-	-	31,003	25,782
GAP funding Capital Release	1,126	-	-	1,126	210
	<u>78,678</u>	<u>-</u>	<u>(51,529)</u>	<u>27,150</u>	<u>27,514</u>
<b>Other Social Housing Income and Expenditure</b>					
Supporting People Development not capitalised	424	-	(674)	(250)	(18)
Resident Involvement	-	-	(714)	(714)	(2,164)
Garage Lettings	-	-	(564)	(564)	(647)
Exceptional Item: pension credit relating to change in assumptions from RPI to CPI	1,176	-	(550)	626	1,031
	-	-	-	-	3,845
	<u>1,600</u>	<u>-</u>	<u>(2,502)</u>	<u>(902)</u>	<u>2,047</u>
<b>Non-Social Housing Activities</b>					
Commercial Properties managed by agents	1,114	-	(231)	883	1,011
Other	59	-	(21)	38	(8)
External Sales	612	(399)	(157)	56	103
	<u>1,785</u>	<u>(399)</u>	<u>(409)</u>	<u>977</u>	<u>1,106</u>
<b>Total Year ended 31 March 2012</b>	<u>82,064</u>	<u>(399)</u>	<u>(54,440)</u>	<u>27,225</u>	<u>30,667</u>
<b>Total Year ended 31 March 2011</b>	<u>74,317</u>	<u>(545)</u>	<u>(43,105)</u>	<u>30,667</u>	

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**2a. Turnover, Operating Costs and Surplus: Association**

	Turnover	Cost of Sales	2012		2011		
			£'000	£'000	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit)
<b>Income and Expenditure from Social Housing Lettings</b>							
Rents	44,085	-	(46,911)	(2,826)	3,379		
Service Charges	2,464	-	(4,618)	(2,154)	(1,857)		
GAP funding							
Revenue Receipt	31,003	-	-	31,003	25,782		
GAP funding Capital Release	1,126	-	-	1,126	210		
	<u>78,678</u>	<u>-</u>	<u>(51,529)</u>	<u>27,150</u>	<u>27,514</u>		
<b>Other Social Housing Income and Expenditure</b>							
Supporting People Development not capitalised	424	-	(674)	(250)	(18)		
Resident Involvement	-	-	(714)	(714)	(2,164)		
Garage Lettings	1,176	-	(550)	626	1,031		
Exceptional Item: pension credit relating to change in assumptions from RPI to CPI	-	-	-	-	3,845		
	<u>1,600</u>	<u>-</u>	<u>(2,502)</u>	<u>(902)</u>	<u>2,047</u>		
<b>Non-Social Housing Activities</b>							
Commercial Properties managed by agents	1,114	-	(231)	883	1,011		
Other	59	-	(21)	38	(7)		
	<u>1,173</u>	<u>-</u>	<u>(252)</u>	<u>921</u>	<u>1,004</u>		
<b>Total Year ended 31 March 2012</b>	<u>81,452</u>	<u>-</u>	<u>(54,283)</u>	<u>27,169</u>	<u>30,565</u>		
<b>Total Year ended 31 March 2011</b>	<u>73,463</u>	<u>-</u>	<u>(42,898)</u>	<u>30,565</u>			



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**2b. Income and Expenditure from Social Housing Lettings: Group and Association**

	<b>General Needs Housing</b>	<b>Supported Housing</b>	<b>Shared Ownership</b>	<b>Total 2012</b>	<b>Total 2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>					
Rents	42,925	1,160	-	44,085	42,077
Service charges	2,172	292	-	2,464	2,528
Gap Funding					
Revenue Receipt	30,092	911	-	31,003	25,782
Gap Funding					
Capital Release	1,093	33	-	1,126	213
<b>Total Net Rents Receivable</b>	<b>76,282</b>	<b>2,396</b>	<b>-</b>	<b>78,678</b>	<b>70,600</b>
<b>Expenditure</b>					
Management	(7,486)	(302)	-	(7,788)	(7,488)
Services	(4,190)	(428)	-	(4,618)	(4,385)
Cyclical & Planned Maintenance	(7,774)	(237)	-	(8,011)	(7,401)
Response					
Repairs	(9,854)	(193)	-	(10,047)	(10,052)
Major Repairs	(18,320)	(356)	-	(18,676)	(12,136)
VAT Partial Exemption	242	7	-	249	
Bad Debts	(379)	-	-	(379)	(455)
FRS17 Charges	(304)	-	-	(304)	(267)
Set Up Costs	(42)	-	-	(42)	(332)
Depreciation	(1,913)	-	-	(1,913)	(570)
<b>Operating costs on housing lettings</b>	<b>(50,020)</b>	<b>(1,509)</b>	<b>-</b>	<b>(51,529)</b>	<b>(43,086)</b>
<b>Operating surplus on social housing letting activities</b>	<b>26,262</b>	<b>887</b>	<b>-</b>	<b>27,150</b>	<b>27,514</b>
<b>Void losses from rents</b>	<b>(547)</b>	<b>-</b>	<b>-</b>	<b>(547)</b>	<b>(488)</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**3. Surplus on Ordinary Activities for the Year before Taxation**

	Group 2012 £'000	Association 2012 £'000	Group 2011 £'000	Association 2011 £'000
<b>Surplus on Ordinary Activities for the Period before Taxation</b>				
is stated after charging/(crediting):				
Auditors' remuneration (including VAT):				
In their capacity as auditors	41	30	37	29
In respect of other services	31	29	64	64
Depreciation:				
Housing properties	1,136	1,136	214	214
Other assets	777	777	355	355
(Surplus) on disposal of properties	(740)	(740)	(1,059)	(1,059)
(Surplus) on disposal of other assets	(22)	(22)	(22)	(22)
Operating lease payments:				
Land and buildings	493	493	556	556
Other assets	267	267	217	217
Exceptional item : pension credit relating to change in assumptions from RPI to CPI	-	-	(3,845)	(3,845)

**4. Directors' Emoluments**  
**(Group & Association)**

**2012**  
**£'000**

**2011**  
**£'000**

The aggregate emoluments paid to or receivable by Directors and other members of the Group's Management Team

**554**

**536**

The emoluments paid to the highest paid Director of the Group including employers national Insurance but excluding employers pension contributions

**163**

**161**

The Chief Executive is a member of the Local Government Pension Scheme. No enhanced or special terms apply and there are no additional pension arrangements in place. Pension contributions of £23,667 (2011 : £27,220) were made by the Association during the period on behalf of the Group Chief Executive. None of the Board Members receives remuneration in respect of their services.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**5. Employee Information**  
**(Group & Association)**

	2012 No.	2011 No.
The average number of persons employed during the period (full time equivalents of 37 hours) was:	<u>569</u>	<u>530</u>

	2012 £'000	2011 £'000
<b>Staff costs</b>		
Wages and salaries	15,422	13,702
Social security costs	1,216	1,061
Other pension costs	2,144	2,344
Past service cost adjustment (note 15)	-	(3,845)
	<u>18,782</u>	<u>13,262</u>

	2012 No.	2011 No.
<b>Full Time Equivalents at 31 March (35 hour week)</b>		
Development	11	10
Corporate and Finance	85	83
Housing and Neighbourhoods	169	133
Property Services	305	326
	<u>570</u>	<u>552</u>

**6. Sale of Properties not Developed for Outright Sale**

	Group	Association	Group	Association
	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Right to buy sales	1,087	1,087	1,411	1,411
Open Market Sales	218	218	347	347
Cost of Sales	(19)	(19)	(13)	(13)
Depreciation eliminated on Disposal - RTB	(39)	(39)	(6)	(6)
PCC Share under the clawback arrangement	(507)	(507)	(680)	(680)
<b>Surplus on sale of properties</b>	<u>740</u>	<u>740</u>	<u>1,059</u>	<u>1,059</u>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

<b>7. Interest Receivable</b>	<b>Group 2012 £'000</b>	<b>Association 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>Association 2011 £'000</b>
Bank interest receivable	59	59	5	5
FRS 17 Interest Credit (note 15)	207	207	-	-
	<u>266</u>	<u>266</u>	<u>5</u>	<u>5</u>

<b>8. Interest Payable and Similar Charges</b>	<b>Group 2012 £'000</b>	<b>Association 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>Association 2011 £'000</b>
On bank and other loans				
- interest	255	255	212	212
- non utilisation fee	722	722	730	730
Amortisation of arrangement fees	154	154	154	154
Interest Capitalised on NP Development	(15)	(15)	(20)	(20)
FRS 17 Interest charge (note 15)	-	-	419	419
Interest charge for the period	<u>1,116</u>	<u>1,116</u>	<u>1,495</u>	<u>1,495</u>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

	Group	Association	Group	Association
9. Tax on Deficit on Ordinary Activities for the Period	2012	2012	2011	2011
	£'000	£'000	£'000	£'000

**(a) Analysis of the Charge in the Period**

The tax charge on the surplus on ordinary activities for the period was as follows:

**Current Tax**

UK Corporation Tax charge for the period

Total current tax

-	-	-	-
-	-	-	-

**Deferred Tax**

Origination and reversal of timing differences

Pension cost relief in excess of pension charge

Changes in tax rates or laws

Tax on surplus on ordinary activities

-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

**(b) Factors Affecting Tax Charge for the Period**

Surplus on ordinary activities before tax

Surplus on ordinary activities at 26% (2011 : 28%)

Effects of:

Surplus from charitable activities

<u>27,137</u>	<u>27,081</u>	<u>30,258</u>	<u>30,156</u>
7,056	7,041	8,472	8,444
(7,056)	(7,041)	(8,472)	(8,444)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

10. Housing Fixed Assets:		Housing Property Components (Eligible for GAP Funding)	Housing Property Components (Not Eligible for GAP Funding)	North Prospect Property under Construction	North Prospect Leasehold Shared Ownership Property under Construction	Total Housing Properties
Group	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2011	18,412	1,571	4,501	-	-	24,484
Additions	25,135	191	4,045	1,762	-	31,133
Disposals	(43)	-	-	-	-	(43)
<b>At 31 March 2012</b>	<b>43,504</b>	<b>1,762</b>	<b>8,546</b>	<b>1,762</b>	<b>1,762</b>	<b>55,574</b>
<b>Grant Funding</b>						
At 1 April 2011	(18,195)	(692)	(1,980)	-	-	(20,867)
Social Housing Grant receivable during period	-	(73)	(1,056)	-	-	(1,129)
Social Housing Grant allocated to Leasehold Properties	-	-	420	(420)	-	-
Gap Funding receivable during period	(25,092)	-	-	-	-	(25,092)
Other Grant	-	-	(569)	(313)	-	(882)
Released to Income & Expenditure	1,126	-	-	-	-	1,126
<b>At 31 March 2012</b>	<b>(42,161)</b>	<b>(765)</b>	<b>(3,185)</b>	<b>(733)</b>	<b>(733)</b>	<b>(46,844)</b>
<b>Depreciation</b>						
At 1 April 2011	(217)	(4)	-	-	-	(221)
Charge for period	(1,126)	(10)	-	-	-	(1,136)
<b>At 31 March 2012</b>	<b>(1,343)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,357)</b>
<b>Net book value at 31 March 2012</b>	<b>-</b>	<b>983</b>	<b>5,361</b>	<b>1,029</b>	<b>1,029</b>	<b>7,373</b>
<b>Net Book Value at 1 April 2011</b>	<b>-</b>	<b>875</b>	<b>2,522</b>	<b>-</b>	<b>-</b>	<b>3,397</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**10. Tangible Fixed Assets – All Fixed Assets: Group**

	Total Housing Properties £'000	Freehold Offices £'000	Vehicles £'000	Equipment & Furniture £'000	Computers & Software £'000	Total Assets £'000
<b>Cost</b>						
At 1 April 2011	24,484	-	822	342	2,060	27,708
Additions	31,133	3,052	969	161	414	35,729
Disposals	(43)	-	(58)	-	-	(101)
<b>At 31 March 2012</b>	<b>55,574</b>	<b>3,052</b>	<b>1,733</b>	<b>503</b>	<b>2,474</b>	<b>63,336</b>
<b>Grant Funding</b>						
At 1 April 2011	(20,867)	-	-	-	-	(20,867)
Social Housing Grant receivable during period	(1,129)	-	-	-	-	(1,129)
Social Housing Grant allocated to Leasehold Properties	-	-	-	-	-	-
Gap Funding receivable during period	(25,092)	-	-	-	-	(25,092)
Proceeds from Sale of Land (treated as Other Grant)	(882)	-	-	-	-	(882)
Released to Income & Expenditure	1,126	-	-	-	-	1,126
<b>At 31 March 2012</b>	<b>(46,844)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46,844)</b>
<b>Depreciation</b>						
At 1 April 2011	(221)	-	(207)	(47)	(171)	(646)
Charge for period	(1,136)	-	(287)	(72)	(418)	(1,913)
Disposals	0	-	33	-	-	33
<b>At 31 March 2012</b>	<b>(1,357)</b>	<b>-</b>	<b>(461)</b>	<b>(119)</b>	<b>(589)</b>	<b>(2,526)</b>
<b>Net book value at 31 March 2012</b>	<b>7,373</b>	<b>3,052</b>	<b>1,272</b>	<b>384</b>	<b>1,885</b>	<b>13,966</b>
<b>Net Book Value at 1 April 2011</b>	<b>3,408</b>	<b>-</b>	<b>615</b>	<b>295</b>	<b>1,889</b>	<b>6,207</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**10. Housing Fixed Assets:**

Association	Housing Property Components (Eligible for GAP Funding)	Housing Property Components (Not Eligible for GAP Funding)	North Prospect Property under Construction	North Prospect Leasehold Shared Ownership Property under Construction	Total Housing Properties
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2011	18,412	1,571	4,513	-	24,496
Additions	25,135	191	4,273	1,762	31,361
Disposals	(43)	-	-	-	(43)
<b>At 31 March 2012</b>	<b>43,504</b>	<b>1,762</b>	<b>8,786</b>	<b>1,762</b>	<b>55,814</b>
<b>Grant Funding</b>					
At 1 April 2011	(18,195)	(692)	(1,980)	-	(20,867)
Social Housing Grant receivable during period	-	(73)	(1,056)	-	(1,129)
Social Housing Grant allocated to Leasehold Properties	-	-	420	(420)	-
Gap Funding receivable during period	(25,092)	-	-	-	(25,092)
Proceeds from Sale of Land (treated as Other Grant)	-	-	(569)	(313)	(882)
Released to Income & Expenditure	1,126	-	-	-	1,126
<b>At 31 March 2012</b>	<b>(42,161)</b>	<b>(765)</b>	<b>(3,185)</b>	<b>(733)</b>	<b>(46,844)</b>
<b>Depreciation</b>					
At 1 April 2011	(217)	(4)	-	-	(221)
Charge for period	(1,126)	(10)	-	-	(1,136)
Disposals	-	-	-	-	-
<b>At 31 March 2012</b>	<b>(1,343)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>(1,357)</b>
<b>Net book value at 31 March 2012</b>	<b>-</b>	<b>983</b>	<b>5,601</b>	<b>1,029</b>	<b>7,613</b>
<b>Net Book Value at 1 April 2011</b>	<b>-</b>	<b>875</b>	<b>2,533</b>	<b>-</b>	<b>3,408</b>



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**  
**10. Tangible Fixed Assets – All Fixed Assets: Association**

	Total Housing Properties	Freehold Offices	Vehicles	Equipment & Furniture	Computers & Software	Total Assets
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2011	24,496	-	822	342	2,060	27,720
Additions	31,361	3,052	969	161	414	35,957
Disposals	(43)	-	(58)	-	-	(101)
<b>At 31 March 2012</b>	<b>55,814</b>	<b>3,052</b>	<b>1,733</b>	<b>503</b>	<b>2,474</b>	<b>63,576</b>
<b>Grant Funding</b>						
At 1 April 2011	(20,867)	-	-	-	-	(20,867)
Social Housing Grant receivable during period	(1,129)	-	-	-	-	(1,129)
Social Housing Grant allocated to Leasehold Properties	-	-	-	-	-	0
Gap Funding receivable during period	(25,092)	-	-	-	-	(25,092)
Proceeds from Sale of Land (treated as Other Grant)	(882)	-	-	-	-	(882)
Released to Income & Expenditure	1,126	-	-	-	-	1,126
<b>At 31 March 2012</b>	<b>(46,844)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46,844)</b>
<b>Depreciation</b>						
At 1 April 2011	(221)	-	(207)	(47)	(171)	(646)
Charge for period	(1,136)	-	(287)	(72)	(418)	(1,913)
Disposals	0	-	33	-	-	33
<b>At 31 March 2012</b>	<b>(1,357)</b>	<b>-</b>	<b>(461)</b>	<b>(119)</b>	<b>(589)</b>	<b>(2,526)</b>
<b>Net book value at 31 March 2012</b>	<b>7,613</b>	<b>3,052</b>	<b>1,272</b>	<b>384</b>	<b>1,885</b>	<b>14,206</b>
<b>Net Book Value at 1 April 2011</b>	<b>3,408</b>	<b>-</b>	<b>615</b>	<b>295</b>	<b>1,889</b>	<b>6,207</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**10. Fixed Assets (continued)**

The total expenditure on works to existing housing properties during the year to 31 March 2012 for both the Group and Association was as follows :

- capitalised : £31,133,000
- charged to Income and Expenditure : £18,676,000

Interest of £14,602 (2011 : £20,099) was capitalised (both Group and Association), based on an average interest rate of 0.38%. This was incurred on the North Prospect development.

**Net book value of property assets by tenure:**

All property assets are freehold. The housing and commercial properties were transferred at nil value on 20<sup>th</sup> November 2009. Office premises are included at cost.

**Valuation as at 31<sup>st</sup> March 2012 for security purposes:**

Completed housing properties were valued as at 31 March 2012 by Savills (L&P) Limited, Chartered Surveyors, on Basis 1 the Existing Use Value – Social Housing ('EUV-SH') and under the loan agreement Basis 2 which is a valuation calculated on Existing Use Value for Social Housing (EV-SH, Voids sold) assuming an element of void properties being sold on the open market. The valuations were carried out in accordance with the RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended). The valuation of PCH properties as at 31 March 2012 on the basis of these independent professional valuations was as follows:

Valuation Basis 1 - Assuming Guaranteed Gap Funding of £41.494m (2010/11 £77.147m), the Existing Use Value – Social Housing of the housing stock for loan security, as at 31 March 2012 is: £54,294,500 (2010/11 £53,466,000). If the receipt assumed is for Maximum Gap Funding of £80.357m (2010/11 £112.147m) the Existing Use Value – Social Housing of the housing stock for loan security, as at 31 March 2012 is: £92,296,500 (2010/11 £82,460,500).

Valuation Basis 2 - Assuming that a number of voids would be sold on the open market with vacant possession as they arise. The resultant figures for the housing stock are: Guaranteed Gap Funding - £176,815,000 (2010/11 £202,497,000). If the Maximum Gap Funding is received the valuation is £214,414,000 (2010/11 £230,918,500). Properties are held in the Balance sheet at nil value transferred plus the cost of components to date, less depreciation and grants receivable.

11. Stock	Group	Association	Group	Association
	2012	2012	2011	2011
	£'000	£'000	£'000	£'000
Raw materials	741	741	724	724
Work in progress	81	81	44	44
	<b>822</b>	<b>822</b>	<b>768</b>	<b>768</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

<b>12. Debtors</b>	<b>Group 2012 £'000</b>	<b>Association 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>Association 2011 £'000</b>
Amounts falling due after one year :				
Development debtor	36,797	36,797	73,693	73,693
GAP Funding receivable after 1 year	23,694	23,694	7,001	7,001
Deferred Loan Costs	1,181	1,181	-	-
	<b>61,672</b>	<b>61,672</b>	<b>80,694</b>	<b>80,694</b>
Amounts falling due within one year:				
GAP Funding receivable within 1 year	25,402	25,402	38,147	38,147
HCA Grant receivable	-	-	1,980	1,980
Trade debtors	459	338	635	404
Rent arrears	2,677	2,677	2,746	2,746
Rent receipts in transit at year end	-	-	1,972	1,972
Less: provision for bad debts	(1,641)	(1,641)	(1,700)	(1,700)
Prepayments and accrued income	1,257	1,257	840	840
Inter-company debtors (Gift Aid)				
- Plymouth Community Homes Services Ltd	-	56	-	103
- Plymouth Community Homes Regeneration Company Ltd	-	228	-	12
Inter-company debtor : Plymouth Community Homes Services Ltd (trading account)	-	73	-	132
VAT	1,884	1,817	745	745
Other debtors	1	2	89	89
Development Debtor	6,516	6,516	2,240	2,240
	<b>36,555</b>	<b>36,725</b>	<b>47,694</b>	<b>47,710</b>
<b>Total debtors</b>	<b>98,227</b>	<b>98,397</b>	<b>128,388</b>	<b>128,404</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
<b>13. Creditors</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade creditors	<b>5,096</b>	<b>4,289</b>	<b>1,714</b>	<b>1,483</b>
Taxation and social security payable	<b>402</b>	<b>402</b>	<b>373</b>	<b>373</b>
Pension contributions	<b>243</b>	<b>243</b>	<b>264</b>	<b>264</b>
VAT	<b>12</b>	<b>-</b>	<b>31</b>	<b>-</b>
Rent received in advance	<b>721</b>	<b>721</b>	<b>644</b>	<b>644</b>
Accruals and deferred income-revenue	<b>7,122</b>	<b>7,122</b>	<b>8,861</b>	<b>8,854</b>
Loan interest and charges	<b>81</b>	<b>81</b>	<b>88</b>	<b>88</b>
Development creditor	<b>6,516</b>	<b>6,516</b>	<b>2,240</b>	<b>2,240</b>
Inter-company creditor: Plymouth Community Homes Regeneration Company Ltd	<b>-</b>	<b>894</b>	<b>-</b>	<b>249</b>
Other creditors (reduced by 5 rounding)	<b>170</b>	<b>57</b>	<b>193</b>	<b>191</b>
	<b>20,363</b>	<b>20,325</b>	<b>14,408</b>	<b>14,386</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
<b>14. Creditors</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due after more than one year:				
Loans not repayable by instalments:				
In five years or more	-	-	<b>14,500</b>	<b>14,500</b>
Deferred loan costs	-	-	<b>(1,335)</b>	<b>(1,335)</b>
	-	-	<b>13,165</b>	<b>13,165</b>
Development Creditor	<b>36,797</b>	<b>36,797</b>	<b>73,693</b>	<b>73,693</b>
Total	<b>36,797</b>	<b>36,797</b>	<b>86,858</b>	<b>86,858</b>

Deferred loan costs of £1,180,667 are included in debtors receivable after more than 1 year.

Housing loans from Royal Bank of Scotland are secured by fixed charges on the housing properties and bear interest rates at LIBOR + 1.7%. Non utilisation fees are charged at 0.7%. Under current forecasts, loan repayments will start in 2021 and end in 2040.

At 31 March 2012, the Group had undrawn loan facilities of £110m plus an additional £0.5m overdraft facility to finance future operating cash flows and investments.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**15. Pension Obligations**

**Group Pension Schemes**

Devon County Council are the Administering Authority to the Devon County Council Pension Fund ("the Fund"). The Local Government Pension Scheme ("the LGPS") provides pension benefits to employees of Plymouth Community Homes Ltd ("the employer"). The staff working for Plymouth Community Homes Services Ltd, Plymouth Community Homes Regeneration Company Ltd and Plymouth Community Homes Energy Ltd are employed by Plymouth Community Homes Ltd and their costs of employment are recharged to those companies. All pension costs are therefore included in these notes.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2007/08, as amended. It is contracted out of the State Second Pension.

	31 March 2012	31 March 2011
	£'000	£'000
Present value of funded defined benefit obligations	(54,304)	(40,819)
Fair value of plan assets	41,132	37,953
Deficit	(13,172)	(2,866)
Related deferred tax asset	-	-
Net liability	<u>(13,172)</u>	<u>(2,866)</u>

*Movements in present value of defined benefit obligation*

	31 March 2012	31 March 2011
	£'000	£'000
Defined benefit obligation at 1 April 2011	40,819	44,906
Current service cost	2,150	2,552
Interest cost	2,306	2,654
Actuarial losses/(gains)	8,938	(5,526)
Losses on curtailment	51	72
Estimated benefits paid net of transfers in	(669)	(707)
Past service cost	-	(3,845)
Contributions by scheme participants	709	713
Defined benefit obligation at 31 March 2012	<u>54,304</u>	<u>40,819</u>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

*Movements in fair value of plan assets*

	31 March 2012	31 March 2011
	£'000	£'000
Fair value of scheme assets at 1 April 2011	37,953	43,323
Expected return on scheme assets	2,513	2,235
Actuarial losses	(1,271)	(9,968)
Contributions by employer including unfunded	1,897	2,357
Contributions by scheme participants	709	713
Estimated benefits paid net of transfers in and including unfunded	(669)	(707)
Fair value of scheme assets at 31 March 2012	<u>41,132</u>	<u>37,953</u>

*Expense recognised in the profit and loss account*

	31 March 2012	31 March 2011
	£'000	£'000
Current service cost	2,150	2,552
Employer Contributions	(1,897)	(2,357)
Interest on obligation	2,306	2,654
Expected return on scheme assets	(2,513)	(2,235)
Past service cost	-	(3,845)
Losses on curtailments and settlements	51	72
Total	<u>97</u>	<u>(3,159)</u>

*The expense is recognised in the following line items in the profit and loss account:*

	31 March 2012	31 March 2011
	£'000	£'000
Cost of sales	-	-
Distribution expenses	-	-
Administrative expenses/ (credit)	304	(3,578)
Other interest receivable and similar income	-	-
Interest (income)/ payable and similar charges	(207)	(419)
Net credit / (charge)	<u>97</u>	<u>(3,159)</u>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

The total loss recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £10,209,000 (2011 : £4,442,000).

The fair value of the plan assets and the return on those assets were as follows:

Employer Asset Share - Bid Value	Assets at 31 March 2012 £'000	Expected Return at 31 March 2012	Assets at 31 March 2011 £'000	Expected Return at 31 March 2011
Equities	28,381	6.3%	26,566	7.4%
Gilts	7,404	3.3%	6,452	4.4%
Other Bonds	-	4.6%	-	5.5%
Property	2,468	4.3%	1,898	5.4%
Cash	2,468	3.0%	2,657	3.0%
Target Return Portfolio	411	4.7%	380	5.0%
Other	-	-	-	-
<b>Total</b>	<b>41,132</b>	<b>5.4%</b>	<b>37,953</b>	<b>6.5%</b>
 Actual return on plan assets		<u>3.0%</u>		<u>7.4%</u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The financial assumptions used for the purposes of the FRS17 calculations are as follows:

Assumptions as at	31 March 2012 % p.a.	31 March 2012 Real	31 March 2011 % p.a.	31 March 2011 Real
RPI Increases	3.3%	-	3.5%	-
CPI Increases	2.5%	-0.8%	2.7%	n/a
Salary Increases	4.7%	1.4%	5.0%	1.5%
Pension Increases	2.5%	-0.8%	2.7%	-0.8%
Discount rate	4.6%	1.3%	5.5%	1.9%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.5 years (male), 24.5 years (female).
- Future retiree upon reaching 65: 22.5 years (male), 26.4 years (female).]



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

History of plans

The history of the plans for the current and prior periods is as follows:

<i>Balance sheet as at</i>	31 March 2012	31 March 2011	31 March 2010
	£'000	£'000	£'000
Present value of scheme liabilities	(54,304)	(40,819)	(44,906)
Fair value of scheme assets	41,132	37,953	43,323
Deficit	(13,172)	(2,866)	(1,583)
Experience adjustments	31 March 2012	31 March 2011	31 March 2010
	£'000	£'000	£'000
Experience adjustments on scheme liabilities	-	(7,600)	-
Experience adjustments on scheme liabilities as a percentage of scheme liabilities	-	18.6%	-
Experience adjustments on scheme assets	(1,271)	(9,968)	4,495
Experience adjustments on scheme assets as a percentage of scheme assets	-3.1%	-26.3%	10.4%
Cumulative actuarial gains/ losses	(16,119)	(5,910)	(1,468)

The Group expects to contribute approximately £2,707,000 to its defined benefit plans in the next financial year.

**Social Housing Pension Scheme**

Plymouth Community Homes Ltd participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension 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 three defined benefit structures were available, namely:

Final salary with a 1/60th accrual rate.

Final salary with a 1/70th accrual rate.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

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

From April 2010 a further two defined benefit structures were available, namely:

Final salary with a 1/80th accrual rate.

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

From April 2013 a further defined benefit structures will become available, namely

Career average revalued earnings (CARE) with a 1/120th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Plymouth Community Homes Ltd operated the final salary with a 1/60th accrual rate benefit structure and the defined benefit structure for active members and new entrants as at 31 March 2012.

The Trustee commissions an actuarial valuation of the Scheme every three 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 was set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applied.

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 Plymouth Community Homes Ltd paid contributions at the rate of 11.3%. Member contributions were 6.5%.

As at the balance sheet date there were 56 active members of the Scheme employed by Plymouth Community Homes Ltd. The annual pensionable payroll in respect of these members was £1,433,765. Plymouth Community Homes Ltd continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of 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 2011 by a professionally qualified Actuary using the Projected Unit Method. The provisional results of this valuation were released on 14 May 2012 and have been used for this note. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

<b>Valuation Discount Rates:</b>	<b>% p.a.</b>
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	3.0 for 2 years then 4.4
Price Inflation	2.9
<b>Pension Increases:</b>	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:  
Mortality pre-retirement – 41% of S1PA Year of Birth CMI 2009 Cohort projection with long term improvement rates of 1.5% pa for males and 1.25% pa for females.

Mortality post retirement – 97% of S1PA Year of Birth CMI 2009 Cohort projection with long term improvement rates of 1.5% pa for males and 1.25% pa for females

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

<b>Benefit Structure</b>	<b>Long-term Joint Contribution Rate (% of pensionable salaries)</b>
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

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 £1,035 million would be dealt with by the payment of deficit contributions. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

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

Employers that have closed the defined benefit section of 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 SHPS.

New employers 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 new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 were liable for past service deficit contributions from the valuation following joining. 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 provided a response in respect of the September 2008 actuarial valuation in August 2011, stating that it does not propose to take any scheme funding action under Part 3 of the Pensions Act 2004.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

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 buy-out 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.

<b>16. Share Capital</b>	<b>Association</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<i>Ordinary shares of £1 each.</i>		
<i>Allotted, called up and fully paid.</i>		
At 1 April 2010	21	9
Issued during the year	17	12
<b>At 31 March 2012</b>	<b>38</b>	<b>21</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**17.**

<b>Association Reserves</b>	<b>Restricted Reserve</b>	<b>Restricted Reserve</b>	<b>Designated Reserve</b>	<b>Revenue Reserve</b>	<b>Pension Reserve</b>	<b>Total Reserves</b>
	<b>(Devonport)</b>	<b>(Development &amp; Community Subsidy)</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2011	603	-	-	33,668	(2,866)	31,405
Surplus on ordinary activities for the period	-	-	-	27,178	(97)	27,081
Actuarial loss recognised in Statement of Total Recognised Surpluses and Deficits	-	-	-	-	(10,209)	(10,209)
Gift Aid Receivable	-	-	-	284	-	284
Transfers between reserves	-	106	106	(212)	-	-
Transfers between reserves	(242)	-	-	242	-	-
<b>At 31 March 2012</b>	<b>361</b>	<b>106</b>	<b>106</b>	<b>61,160</b>	<b>(13,172)</b>	<b>48,561</b>

For both the Association and the Group the Restricted Reserve of £361,000 relates to the agreement with Plymouth City Council to clear the flats within Devonport for handover to Devon and Cornwall Housing Association for development. The fund will reduce as eligible expenditure is incurred on the redevelopment and there will be a corresponding transfer to the revenue reserve. Note.

For both the Association and the Group the Restricted Reserve (Development & Community Subsidy) and Designated Reserve arose from the sale of 1 Lipson Road, the proceeds from which will be used to fund regeneration and social housing developments.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

<b>17. Group Reserves</b>	<b>Restricted Reserve</b>	<b>Restricted Reserve</b>	<b>Designated Reserve</b>	<b>Revenue Reserve</b>	<b>Pension Reserve</b>	<b>Total Reserves</b>
	<b>(Devonport)</b>	<b>(Development &amp; Community Subsidy)</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2011	603	-	-	33,656	(2,866)	31,393
Surplus on ordinary activities for the period	-	-	-	27,234	(97)	27,137
Actuarial loss recognised in Statement of Total Recognised Surpluses and Deficits	-	-	-	-	(10,209)	(10,209)
Transfers between reserves	-	106	106	(212)	-	-
Transfers between reserves	(242)	-	-	242	-	-
<b>At 31 March 2012</b>	<b>361</b>	<b>106</b>	<b>106</b>	<b>60,920</b>	<b>(13,172)</b>	<b>48,321</b>

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**18. Group Cash Flow**

<b>Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Operating surplus	27,225	30,667
Add back FRS17 adjustments	304	(3,159)
Add back depreciation charge	1,913	569
Add back GAP funding released against depreciation	(1,126)	(210)
decrease in debtors > 1 year	36,896	2,871
Increase in leasehold shared ownership property	(1,762)	-
Increase in stock	(54)	(12)
(Increase) in debtors < 1 year	(3,586)	(28,260)
Increase in creditors < 1 year	5,962	969
(Decrease) / increase in creditors > 1 year	(36,896)	(2,871)
	<hr/>	<hr/>
Net cash inflow from operating activities	<b>28,876</b>	<b>564</b>
	<hr/>	<hr/>
<b>Reconciliation of Net Cash Flow to Movement in Net Debt</b>		
Increase / (Decrease) in cash in the period	3,703	(1,282)
Decrease / (Increase) in loans	14,500	(10,500)
Non cash movements	(154)	(154)
Change in net debt	<hr/> 18,049	<hr/> (11,936)
Net debt at 1 April	(12,992)	(1,056)
	<hr/>	<hr/>
<b>Net debt at 31 March</b>	<b>5,057</b>	<b>(12,992)</b>
	<hr/>	<hr/>
<b>Returns on Investments and Servicing of Finance</b>		
Interest received	59	5
Interest paid	(969)	(1,336)
	<hr/>	<hr/>
	<b>(910)</b>	<b>(1,331)</b>
	<hr/>	<hr/>
<b>Financing</b>		
Loans (repaid) / received	(14,500)	10,500
Arrangement fee released	154	154
	<hr/>	<hr/>
	<b>(14,346)</b>	<b>10,654</b>
	<hr/>	<hr/>



**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

<b>19. Analysis of Changes in Net Debt – Group</b>	<b>At 1 April 2011</b>	<b>Cashflow</b>	<b>Non Cash Movements</b>	<b>At 31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	173	3,703	-	3,876
Debt due after one year	(13,165)	14,500	(154)	1,181
	<u>(12,992)</u>	<u>18,203</u>	<u>(154)</u>	<u>5,057</u>

<b>20. GAP Funding receivable</b>	<b>Group 2012</b>	<b>Association 2012</b>	<b>Group 2011</b>	<b>Association 2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
The total accumulated amount of GAP Funding receivable:				
Capital	<b>18,093</b>	<b>18,093</b>	<b>16,925</b>	<b>16,925</b>
Revenue	<b>31,003</b>	<b>31,003</b>	<b>28,443</b>	<b>28,443</b>
Total	<b>49,096</b>	<b>49,096</b>	<b>45,368</b>	<b>45,368</b>

<b>21. Capital Commitments</b>	<b>Group 2012</b>	<b>Association 2012</b>	<b>Group 2011</b>	<b>Association 2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<b>20,004</b>	<b>20,004</b>	<b>8,649</b>	<b>8,649</b>
Capital expenditure that has been authorised by the Board but has not yet been contracted for	<b>30,032</b>	<b>30,032</b>	<b>27,157</b>	<b>27,157</b>
	<b>50,036</b>	<b>50,036</b>	<b>35,806</b>	<b>35,806</b>

These commitments will be financed by GAP funding and loan finance.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

**22. Operating Leases**

Annual commitments under non-cancellable operating leases are as follows:

	At 31 March 2012		At 31 March 2011	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	158	1	-	38
In the second to fifth years inclusive	334	306	549	247
Over five years	-	-	-	-
	<u>492</u>	<u>307</u>	<u>549</u>	<u>285</u>

**23. Contingent Liabilities**

On transfer, Plymouth Community Homes agreed to meet additional costs incurred, over and above those originally budgeted for by the Council in respect of the properties transferring to Plymouth Community Homes. At the time of publishing the accounts the potential obligations remain as the Council is still awaiting final confirmation of their results for the relevant period. There is a potential liability of between nil and £0.95m depending on the level of subsidy received by the Council in respect of the Housing Revenue Account.

**Plymouth Community Homes Ltd**  
**Consolidated Financial Statements for the Year Ended 31 March 2012**  
**Notes to the Financial Statements**

	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
<b>24. Units of Accommodation</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Under development at end of period:				
Housing accommodation	52	52	-	-
Shared ownership	28	28	-	-
Under management at end of period:				
Housing accommodation	13,979	13,979	14,187	14,187
Supported housing	417	417	416	416
Shared ownership	8	8	8	8
Long leaseholders	1,473	1,473	1,469	1,469
Unavailable for letting	232	232	160	160
	<b>16,109</b>	<b>16,109</b>	<b>16,240</b>	<b>16,240</b>
Managed but not owned				
Housing accommodation	-	-	-	-
Supported housing (Brock Trust)	8	8	8	8
	<b>16,117</b>	<b>16,117</b>	<b>16,248</b>	<b>16,248</b>

All owned properties are freehold.

**25. Related Party Transactions**

The Board members who served during the period that are also tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefit as other tenants.

Four Board members are nominees of Plymouth City Council (PCC). Two of these are serving councillors, and two are ex-councillors. All transactions with PCC during the year were conducted at arm's length and on normal commercial terms.

**Plymouth Community Homes Ltd  
Consolidated Financial Statements for the Year Ended 31 March 2012  
Notes to the Financial Statements**

**26. Post Balance Sheet Events**

There were no post balance sheet events to report.

**27. Status**

The Plymouth Community Homes Group comprises: Plymouth Community Homes Ltd ('the Association'), a Registered Provider, and its wholly owned subsidiaries, Plymouth Community Homes Services Ltd, Plymouth Community Homes Regeneration Company Ltd and Plymouth Community Homes Energy Ltd.

Plymouth Community Homes Services Ltd sells manufactured goods to third parties. Plymouth Community Homes Regeneration Company Ltd oversees the design and build work for the redevelopment of the North Prospect area of Plymouth. Plymouth Community Homes Energy Ltd was incorporated on 12 April 2012 and oversees the installation of photo voltaic panels on properties owned by Plymouth Community Homes Ltd.

**28. Shared Ownership Properties**

This represents an estimated 50% first tranche sale of designated shared ownership properties.