

Company number. 1856852

**blueroom**  
PROPERTIES

# Financial Statements

for the year ended 31 March 2008



<b>Page</b>	<b>Contents</b>
<b>2</b>	Board of Directors, Executives and Advisers
<b>3</b>	Report of the Board of Directors
<b>6</b>	Report of the Independent Auditors
<b>7</b>	Income and Expenditure Account
<b>8</b>	Balance Sheet
<b>9 - 22</b>	Notes to the Financial Statements

## **Board of Directors, Executives and Advisers**

<b>Board of Directors</b>	D Cowans (Chairman) S Binks D Shaw J D Southworth	
<b>Managing Director</b>	J D Southworth	
<b>Company Secretary</b>	S Binks (Appointed 31/01/08) W Trainor (Appointed 29/08/07, Resigned 31/01/08) S Binks (Resigned 29/08/2007)	
<b>Registered Office</b>	4 The Pavilions Portway Preston PR2 2YB	
<b>Bankers</b>	Co-operative Bank Plc 147 Church Street Preston PR1 3UD	
<b>Principal Solicitors</b>	The Company, as a member of the Places for People Group, uses the panel of solicitors, set out below	
	Bevan Ashford Bristol	Eversheds Cardiff
	Cobbetts Manchester	Trowers & Hamlin London
	Devonshires London	Dickinson Dees Newcastle upon Tyne
<b>Registered Auditors</b>	KPMG LLP St James' Square Manchester M2 6DS	
<b>Registration of Company</b>	1856852 Companies Act 1985	

## **Report of the Board of Directors**

### **REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors is pleased to present its report and the audited financial statements for the year ended 31 March 2008

### **ACTIVITIES**

blueroom properties limited invests in the acquisition, development, refurbishment and conversion of dwellings for market renting. blueroom seeks subsequently to dispose of these investments where opportunities for significant capital growth can be captured. Receipts from such disposal are reinvested in additional housing stock.

### **REVIEW OF THE YEAR**

The total turnover for the period was £7.0m (2007: £10.1) of which £1.8m (2007: £5.5m) was received from the sale of properties. Income from letting properties during the year was £5.2m (2007: £4.6m). The loss on operating activities before taxation was £0.4m compared to a profit of £1.6m for the previous year.

The value of tangible fixed assets as at 31 March 2008 amounted to £122.3 million, an increase of £13.2 million during the year.

As at the 31 March 2008, blueroom properties had 808 units in management.

At the end of the year, blueroom properties had drawn £45.0 million on its £45.0 million loan facility with Abbey National Treasury Services plc.

### **FUTURE ACTIVITIES**

blueroom properties limited intends to procure the majority of its future investments through development rather than acquisition in order to secure investments at the lowest possible cost within vacant possession valuation.

### **INTERNAL CONTROLS**

The Places for People Group Board of Directors is responsible for maintaining and reviewing the Group's system of internal control. The Group Audit and Risk Committee is responsible to the Group Board for monitoring this system and reporting on its effectiveness. Any such system can provide reasonable but not absolute assurance against material misstatement or loss, and the development of the system is a continuing process.

The Strategic Risk Management Group monitors and steers the development and implementation of enhancements to risk management processes and reports to the Audit and Risk Committee and Group Board as appropriate. Key tasks for this Group are to oversee the development of risk policy and review and refine the Risk Management Framework and associated Risk Maps. The Group also scenario tests key risks and monitors adherence to the risk management processes. The Group comprises the Group Executive and a number of senior managers.

In July 2007 the Housing Corporation issued circular 07/07 on internal controls assurance which codifies the applicability to Registered Social Landlords of the provisions of the Combined Code on Corporate Governance. The Board believes that the Places for People Group Limited has in place the frameworks required to comply with the requirements of the circular 07/07. The Group Board is of the view that the Group complies with the Combined Code of Corporate Governance.

## **Report of the Board of Directors**

**The overall internal control framework comprises:-**

- **Frameworks and structures to ensure that the business remains viable and is managed effectively**
- **The identification of appropriate assurance mechanisms which can be used to ensure that the internal control framework is operating effectively.**

A key element of the required process is that the Group Chief Executive submits a report to the Group Board on the position in relation to assurance on internal control. A specific requirement is that -

"to help the board review the effectiveness of the associations's system of internal control, its chief executive or executive team should present it with an annual report on the effectiveness of the system. This should refer to the forms of assurance that the board considers appropriate to obtaining overall assurance on the system. Where there is an audit committee in place, the chief executive or executive team may present their report to it."

### **Internal Control – Assurance**

Assurance has been drawn from five main sources. Some sources operate continuously over the year whilst others are year-end confirmation and certification processes.

The following deals with each major source of assurance. The Board, in forming a view, looks at the aggregate level of assurance derived from these sources, each having a differing degree of objectivity.

- **The year end completion of the Risk Management Process and subsequent confirmation of controls by Assurance and Regulation and Subsidiary boards.**

Assurance and Regulation and Subsidiary Risk Management Frameworks are signed off annually by the relevant Director. Each framework is then presented to the relevant board for approval and a statement covering the level of internal control is signed by each Chair.

- **Submission of letters of Representation from Directors and Senior Management**
- **The operation of and output from Group Business Assurance Services.**

The planning and delivery of the Business Assurance Service has been reported comprehensively to the Audit and at Risk Committee over the year. A business with the complexity of the Places for People Group will inevitably experience some internal control issues. These are identified and addressed by management, particularly as the approach is complemented by the Risk Management Cycle.

- **The view of the External Auditor, KPMG.**

This position in relation to controls which are within the scope of the auditor's terms of engagement is confirmed at the conclusion of each audit. Any issues arising from interim audit work are also reported to the Audit and Risk Committee.

- **The Housing Corporation Assessment Report**

The Housing Corporation assessment has set indicators of red, amber and green in relation to Viability, Governance, Management and Development. For the current Housing Corporation Assessment all indicators remain at green meaning that the Places for People Group meets the expectations set out in the Housing Corporation's Regulatory Code.

The Group Board of Directors has reviewed the effectiveness of the system of internal control for the year ended 31 March 2008, and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

## **Report of the Board of Directors**

### **DIVIDENDS**

The total dividend paid by the directors is £nil (2007 £0.6m)

### **DIRECTORS**

The directors who served during the year are shown on page 2

### **SHAREHOLDERS INTERESTS**

Places for People Homes Limited held 30,000,000 £1 preference shares totalling £30.0 million at 31 March 2008, (2007 £30.0 million). Places for People Homes holds the 100 £1 ordinary shares of £100

### **STATEMENT OF DISCLOSURE TO THE AUDITORS**

At the time of approval of this report

- a) so far as the directors are aware, there is no relevant audit information of which the Company's Auditor is unaware, and
- b) the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information

### **RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the excess of expenditure over income for that period.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

  
**S Binks**  
**Company Secretary**

**Preston**  
**16 July 2008**

## **Independent Auditors' Report to the Members of blueroom PROPERTIES**

We have audited the financial statements of blueroom properties limited for the year ended 31 March 2008, which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, historical costs profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Directors and the Auditors**

As described in the Statement of Directors' Responsibilities on page 5, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Board of Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis Of Audit Opinion**

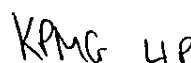
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Board of Directors' Report is consistent with the financial statements.

  
**KPMG LLP**  
Chartered Accountants and Registered Auditors  
Manchester, 21 July 2008

## Income and Expenditure Account

For the year ended 31 March

	Notes	2008 £'000	2007 £'000
Turnover	2	6,987	10,089
Cost of sales		(1,420)	(4,323)
Operating costs		(1,910)	(1,825)
Operating profit		3,657	3,941
Loss on sale of fixed assets	3	(24)	(44)
Interest receivable and similar income	6	94	109
Interest payable and similar charges	7	(4,150)	(2,409)
(Loss)/profit on ordinary activities before taxation	8	(423)	1,597
Tax on profit on ordinary activities	9	62	(510)
(Loss)/profit for the year after taxation	21	(362)	1,087

## Statement of Total Recognised Gains and Losses

For the year ended 31 March

	2008 £'000	2007 £'000
(Loss)/ Profit for the year	(362)	1,087
Unrealised (Loss)/ surplus on revaluation of investment properties	688	631
Tax on realised revaluation reserve (note 9)	-	(430)
Total recognised gains and losses for the year	326	1,288

## Note of Historical Cost Profits and Losses

For the year ended 31 March

	2008 £'000	2007 £'000
Profit on ordinary activities after taxation	(362)	1,087
Realisation of property valuation gains of prior years	35	2,473
Tax on realised revaluation reserve	-	(430)
Historical cost profit for the year retained after taxation	(327)	3,130

All activities of the Company are continuing

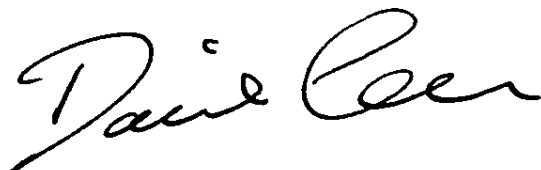


## Balance Sheet

as at 31 March

	Notes	£'000	2008 £'000	£'000	2007 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	11		<b>122,341</b>		109,121
Investments	12		<b>1,826</b>		1,746
			<b>124,167</b>		110,867
<b>Current Assets</b>					
Stock	13	<b>1,455</b>		2,209	
Debtors amounts due after one year	14	-		29	
Debtors amounts due within one year	15	<b>1,624</b>		892	
Cash at bank and in hand		-		587	
		<b>3,079</b>		3,717	
<b>Creditors - Amounts falling due within one year</b>	16	<b>(985)</b>		(2,059)	
<b>Net current assets</b>			<b>2,094</b>		1,658
<b>Total assets less current liabilities</b>			<b>126,261</b>		112,525
<b>Creditors - Amounts falling due after more than one year</b>	17	<b>(63,090)</b>			(49,708)
Provisions for liabilities and charges	19	<b>(373)</b>			(345)
<b>Net assets</b>			<b>62,798</b>		62,472
<b>Capital and reserves</b>					
Called up share capital	20		<b>30,000</b>		30,000
Revenue Reserves	21		<b>6,093</b>		6,420
Revaluation Reserves	21		<b>26,705</b>		26,052
<b>Shareholders' funds</b>	22		<b>62,798</b>		62,472

The financial statements on pages 7 to 22 were approved by the Board of Directors on 16 July 2008 and signed on its behalf by



**D Cowans**  
Chairman



**S Binks**  
Director

## **Notes to the Financial Statements**

For the year ended 31 March 2008

### **1. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies, which have been applied consistently, is set out below.

#### **BASIS OF ACCOUNTING**

The financial statements are prepared in accordance with the historical cost convention, modified for the revaluation of investment properties.

Properties held for resale are included in current assets at the lower of cost and net realisable value.

#### **TAXATION**

The charge for taxation for the year is based on the profit for the year and includes current tax on the taxable profit for the year and deferred tax.

#### **DEFERRED TAXATION**

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

In accordance with FRS 19 deferred tax is not provided for:

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date,
- b) gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over,
- c) fair value adjustment gains to fixed assets and stock to uplift prices to those ruling when an acquisition is made.

#### **TURNOVER**

Turnover represents rental income receivable from the managing agents and income from property sales.

#### **PROVISION FOR BAD DEBTS**

No provision was made because rental deposits are received from tenants.

#### **INVESTMENT PROPERTIES**

Investment properties are included in the balance sheet at their open market value (vacant possession) at the balance sheet date on the basis of a professional valuation.

## **Notes to the Financial Statements**

For the year ended 31 March 2008

### **OPERATING LEASES**

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term

### **DEPRECIATION**

Depreciation is not provided on investment properties in accordance with paragraph 10 of SSAP 19

### **CAPITALISATION OF INTEREST AND ADMINISTRATIVE COSTS**

Interest is capitalised on loans financing schemes in development up to their completion. Administration costs relating to development activities are capitalised based on an apportionment of the staff time directly spent on this activity.

### **STOCK**

Stock is stated at the lower of cost and net realisable value and represents housing properties for sale.

### **FINANCIAL INSTRUMENTS**

The Places for People Group has adopted the Financial Reporting Standards pertaining to financial instruments. These became effective for the year ended 31 March because Places for People Homes Ltd has listed bonds. The Group has adopted FRS 25 Financial Instruments: Disclosure and Presentation, FRS 26 Financial Instruments: Measurement and FRS 29 Financial Instruments: Disclosures. Further details are given in note 18.

Financial Instruments are initially recorded at fair value. Subsequent measurement depends on the designation of the instrument as follows:

Investments (other than joint ventures and fixed deposits) and short term investments (other than fixed deposits) are normally designated as available for sale.

Funds held with banks and other financial institutions, classified as loans and receivables, and short term borrowings and overdrafts, classified as other liabilities, are held at amortised cost using the effective interest rate.

Derivatives, comprising interest rate swaps, are held at fair value.

Discounted bonds are shown at their redemption value less deferred interest. Deferred interest represents the discount on the issue of the discounted bonds, and discounts are recognised through the Profit and Loss Account on an effective yield basis.

## Notes to the Financial Statements

For the year ended 31 March 2008

### PENSIONS

The defined benefit pension scheme based on final pensionable salary was closed to new entries on the 1 September 2004. All new staff are eligible to join the Group Stakeholder Scheme. Contributions from the Association and participating employees are paid into independently administered funds. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contribution.

The cost of pensions to the Association is charged to the Income and Expenditure Account over the remaining service lives of employees. The Association has complied with FRS 17, and relevant disclosures are included in note 5 to the accounts.

The Company is unable to identify separately the assets and liabilities of the Places for People Group Retirement Benefit Scheme, therefore the costs of the pension have been accounted for on a defined contribution basis in this company.

### 2. TURNOVER

	2008 £'000	2007 £'000
Rents receivable	5,576	5,006
Less voids	(400)	(405)
Income from letting of properties	<u>5,176</u>	<u>4,601</u>
Income from sales of property developed for sale	1,809	5,479
Miscellaneous income	2	9
	<u>6,987</u>	<u>10,089</u>

### 3. SALE OF FIXED ASSETS

	2008			
Turnover	Cost of Sales	Operating Costs	Operating Deficit	
£'000	£'000	£'000	£'000	
Sales income and expenditure				
Sale of other fixed assets	<u>727</u>	<u>(642)</u>	<u>(108)</u>	<u>(24)</u>

### 4. DIRECTORS' EMOLUMENTS

Directors' emoluments during the period amounted to £136,754 (2007: £110,731).

## Notes to the Financial Statements

For the year ended 31 March 2008

### 5. EMPLOYEES

The average number of employees expressed as full time equivalents during the year was 3 (2007 2)

Wages and salaries for the period were £112,416 (2007 £81,038), social security costs were £9,343 (2007 £6,820) and other pension costs were £16,707 (2007 £8,825)

### PENSION OBLIGATIONS

The pension costs for Places for People Homes Limited relate to three schemes of which employees are members, the Places for People Group Retirement Benefit Scheme, the Social Housing Pension Scheme and a Stakeholder scheme

#### The Places for People Group Stakeholder Scheme

Employees joining the Group from 1 September 2004 have the option of joining the Places for People Stakeholder Pension Plan and Group Life Assurance Scheme to which both the company and employee will make contributions of 6%

#### The Places for People Group Retirement Benefit Scheme.

The Places for People Group Retirement Benefit Scheme is a defined benefit scheme which was closed to new members as at 1 September 2004. New employees are entitled to join a new pension scheme, the Places for People Stakeholder Pension Plan and Group Life Assurance Scheme to which both the company and employee will make contributions of 6%

The Places for People Group Retirement Benefit Scheme is an independently administered pension scheme. It is a defined benefits scheme based on final pensionable salary. As at 31 March 2008 there were 736 employees participating in this scheme of which 331 are Places for People Homes Limited employees and 405 are employees of other subsidiaries of the Places for People Group. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected accrued benefit method and is not materially different from that arising from the current employer's contribution rate. The level of funding by the Association is 23.6% of pensionable salary. These figures are based on a full actuarial valuation at 31 March 2008. The assumptions which have the most significant effect on the results of the valuation are those relating to the differences between the rate of return on investments and the rate of increase in salaries. It was assumed for the actuarial valuation that the expected rate of return on long-term bonds was 6.5 per cent, whilst the expected return on equities would be 7.0 per cent per annum, the return for other investments would be 5.5 per cent per annum and that the general level of salaries would increase by 4.5 per cent per annum. The market value of the scheme's assets was £80,456,000 at 31 March 2008, based on the valuation undertaken by the actuary. At the calculation date the deficit in the Scheme on the FRS17 basis was £11,167,000.

#### FRS17

The Association is unable to identify its share of the assets and liabilities of the Places for People Group Retirement Benefit scheme. As required by FRS17 the Association is required to disclose the information for the scheme as a whole as set out below.

The major assumptions used by the actuary were

	2008	2007
Price inflation	3.50%	3.25%
Rate of increase in salaries	4.50%	4.25%
Rate of increase in pensions in payment	3.25%	3.00%
Discount Rate	6.50%	5.30%

## Notes to the Financial Statements

For the year ended 31 March 2008

### 5. EMPLOYEES (CONTINUED)

#### PENSION OBLIGATIONS

The expected rates of return on assets are

	Expected long term return	2008 Value at 31 March £'000	Expected long term return	2007 Value 31 March £'000
Equities	7.00%	53,556	7.25%	55,926
Bonds	5.00%	24,398	5.00%	19,475
Other	5.00%	2,502	5.00%	5,196
		<b>80,456</b>		<b>80,597</b>
		<b>2008 £'000</b>		<b>2007 £'000</b>
Total market value of assets		80,456		80,597
Present value of the scheme's liabilities		(91,623)		(105,738)
Deficit in the scheme		(11,167)		(25,141)
Related tax asset @ 30%		3,350		7,542
Net Pension Liability		<b>(7,817)</b>		<b>(17,599)</b>

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £'000	2007 £'000
Interest from fixed asset investments	80	56
Other interest receivable and similar income	14	53
	<b>94</b>	<b>109</b>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
On bank loans and overdrafts		
Repayable wholly or partly in more than 5 years	3,025	2,800
On Other loans		
Repayable within 5 years	869	152
Financing costs		
Fair value losses/(gains) on interest rate swaps	256	(543)
	<b>4,150</b>	<b>2,409</b>

### 8. PROFIT BEFORE TAXATION

	2008 £'000	2007 £'000
The Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration - Audit Services	9	7
Payments under operating leases		
Motor vehicles	7	4

## Notes to the Financial Statements

For the year ended 31 March 2008

### 9 TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in period

	2008 £'000	2007 £'000
<b>Current Tax</b>		
UK Corporation tax on profits on ordinary activities of the period	-	554
UK Corporation tax on capital gain realised during the year	-	430
Adjustments in respect of prior periods	(36)	(80)
	<u>(36)</u>	<u>904</u>
Group relief	(53)	-
<b>Total current tax (note 9b)</b>	<u>(89)</u>	<u>904</u>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	28	36
Increase in discount	-	-
<b>Total deferred tax (note 19)</b>	<u>28</u>	<u>36</u>
<b>Tax credit on (loss)/ Tax on profit on ordinary activities</b>	<u>(61)</u>	<u>940</u>
<b>UK Corporation tax credit on (loss)/ tax on profits on ordinary activities</b>	(61)	510
<b>UK Corporation tax on capital gain realised during the year</b>	-	430
	<u>(61)</u>	<u>940</u>

#### (b) Factors affecting tax charge for period

The tax assessed is lower than the standard rate of corporation tax in the UK (30%)\* The differences are explained below

	2008 £'000	2007 £'000
(Loss)/ profit on ordinary activities before tax	<u>(423)</u>	<u>1,597</u>
(Loss)/ profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%*	(127)	479
Effects of		
Expenses not deductible for tax purposes	49	541
Capital allowances for period in excess of depreciation	(28)	(36)
Group relief - adjustment to reflect amounts paid	53	-
Adjustments to tax charge in respect of prior periods	(36)	(80)
<b>Current tax (credit)/ charge for period ( note 9a)</b>	<u>(89)</u>	<u>904</u>

\*The Budget 2007 introduced a potential change to the rate of U K Corporation Tax. It is proposed that the standard rate of U K Corporation Tax will be reduced from 30% to 28%

### 10 DIVIDENDS

	2008 £'000	2007 £'000
<b>Amounts recognised as distributions to equity shareholders in the year</b>		
Dividend for the year ended 31 March 2008	-	-
Dividend for the year ended 31 March 2007	-	600
	<u>-</u>	<u>600</u>

## Notes to the Financial Statements

For the year ended 31 March 2008

### 11 TANGIBLE FIXED ASSETS

	Completed properties £	Properties held in the course of construction £	Total £
<b>As at 1 April 2007</b>			
Cost	83,032,861	35,655	83,068,516
Revaluation	26,052,183	-	26,052,183
<b>Open Market Valuation</b>	<b>109,085,044</b>	<b>35,655</b>	<b>109,120,699</b>
<b>Additions</b>			
Cost	-	13,084,389	13,084,389
Revaluation	688,060	-	688,060
<b>Transfers (to)/from current assets</b>			
Cost	-	88,603	88,603
Revaluation	-	-	-
<b>Transfers at cost</b>	<b>13,172,992</b>	<b>(13,172,992)</b>	<b>-</b>
<b>Disposals</b>			
Cost	(606,042)	-	(606,042)
Revaluation	(34,989)	-	(34,989)
<b>As at 31 March 2008</b>			
Cost	95,599,811	35,655	95,635,467
Revaluation	26,705,254	-	26,705,254
<b>Open Market Valuation</b>	<b>122,305,065</b>	<b>35,655</b>	<b>122,340,721</b>

### HOUSING PROPERTIES (CONTINUED)

	2008	2007
Completed properties comprise		
Freehold	105,467,065	98,981,044
Long leasehold	16,838,000	10,104,000
	<b>122,305,065</b>	<b>109,085,044</b>

Completed properties are held at Open Market Valuation. All such assets were given a full Open Market Valuation on 31 March 2008, by Knight Frank. Comparative figures are stated on the basis of previous Open Market Valuation performed by the same valuer on 30 September 2006.

### 12. FIXED ASSETS - INVESTMENTS

	2008 £'000	2007 £'000
Cost at 1 April	1,746	1,619
Additions in year	80	127
Cost at 31 March	<b>1,826</b>	<b>1,746</b>

The fixed asset investments relate to Maintenance and Debt Service Reserves held in Trust by Abbey National Treasury Services as security against the loan. The reserves equate to six months' payment of maintenance and interest and are shown at amortised cost.



## Notes to the Financial Statements

For the year ended 31 March 2008

### 13. STOCK

	2008 £'000	2007 £'000
Completed developments	1,455	2,197
Work in progress	-	12
	<u>1,455</u>	<u>2,209</u>

Stock is stated at the lower of cost and net realisable value and represents investment properties for resale in the case of completed developments and properties that are undergoing refurbishment for sale in the case of work in progress

### 14 DEBTORS - Amounts falling due after more than one year

	2008 £'000	2007 £'000
Derivative financial instrument	-	29

### 15. DEBTORS - Amounts falling due within one year

	2008 £'000	2007 £'000
Arrears of rent and service charges	267	197
Amounts due from group undertakings	742	-
Trade debtors	271	48
Sundry debtors, prepayments and accrued income	196	311
Amounts owed by managing agent	148	266
Derivative Financial Instrument	-	70
	<u>1,624</u>	<u>892</u>

### 16. CREDITORS - Amounts falling due within one year

	2008 £'000	2007 £'000
Bank Balances	42	-
Interest on loans	224	20
Trade Creditors	-	2
Amounts owed to group undertakings	-	3
Corporation Tax	28	1,004
Other creditors and accruals	212	982
Payments received on account	373	-
Prepaid rent	44	48
Derivative financial instruments	62	-
	<u>985</u>	<u>2,059</u>

### 17. CREDITORS - Amounts falling due after more than one year

	2008 £'000	2007 £'000
Housing Loans	62,995	49,708
Derivative financial instruments	157	-
	<u>63,152</u>	<u>49,708</u>
Less payable within one year	(62)	-
	<u>63,090</u>	<u>49,708</u>

The loans are secured by fixed and floating charges on the assets of the Company

## Notes to the Financial Statements

For the year ended 31 March 2008

### 17. CREDITORS - Amounts falling due after more than one year (continued)

#### Analysis of loan repayments

	2008 £'000	2007 £'000
In one year or less or on demand	62	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	18,270	5,000
In more than five years by instalments	45,000	44,708
	<b>63,332</b>	<b>49,708</b>

### 18 FINANCIAL INSTRUMENTS

#### Financial Risk Management objectives and policies

The Places for People Treasury function is responsible for the management of the Company's funds and control of the associated risks. Its activities are governed in accordance with Board approved policy and subject to regular audit. The function does not operate as a profit centre.

#### Interest Rate Risk

The Places for People Group's strategy is to aim over time to contain interest rate risk to 20% of the loan book, with the Board exercising strict control over derivative transactions. To this end, whilst the Company's loan is at a variable rate of interest, currently 28.5% (2007: 60%) is hedged against adverse rate movements. blueroom's borrowings have increased by £13.6 million during the year. The Company has limited its overall exposure to the interest rate risk through the development of hedging techniques. It is estimated that each quarter point increase in interest rates would increase the Company's costs by £113K per annum.

#### Credit Risk

The Company has established strict counterparty credit limits based on the overall level of its investment activity and the credit quality of the institutions with which investments are placed.

The Company only deals with recognised, creditworthy third parties and all receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

#### Liquidity Risk

The net cash inflow from operating activities before interest costs was £3.5 million (2007: £3.3 million). The bank balance and short term investments were £0.015 million at the year end (2007: £0.5 million). In addition to this, blueroom had further available facilities of £41.7 million, of which £41.7 million was immediately available without the need for additional security.

The Company's policy is to retain minimal cash whilst ensuring that sufficient loan facilities are available and immediately accessible to finance a minimum 1 year's cash flow. Cash projections cover a 3 year period to continuously monitor future borrowing requirements.

#### Refinancing Exposure

The Company is in compliance with the financial covenants contained within its loan document. blueroom defines its refinancing risk as loans which do not include some form of amortisation or sinking fund. It utilises short-term revolving bank debt as a consequence of its sales programme. The existing loan facility is repayable over the next 25 years.

#### Hedging

The Company hedges its interest rate risk by taking out interest rate swaps to fix the interest flows at between 5.25% and 6.00%. At 31 March 2008 the Company held interest rate swaps with a net fair value of £(157,179) (2007: £98,827). The interest rate swaps are held on the balance sheet at fair value in notes 14 to 17 (Debtors and Creditors).

## Notes to the Financial Statements

For the year ended 31 March 2008

### 18 FINANCIAL INSTRUMENTS (CONTINUED)

#### Interest Rate Risk of Financial Instruments

For each class of interest bearing financial asset and financial liability, the following tables indicate the range of interest rates effective at the balance sheet date, the carrying amount on the balance sheet and the periods in which they reprice, if earlier than the maturity date

#### Interest Rate Risk of Financial Assets at 31 March 2008

	Effective Interest Rate	Total Carrying Amount £'000	Within 1 year £'000	1-2 yrs £'000	2-3 yrs £'000	3-4 yrs £'000	4-5 yrs £'000	5 yrs + £'000
Fixed asset investments	4 48%	1,826	-	-	-	-	-	1,826
Cash at bank and in hand		-	-	-	-	-	-	-
Derivative financial instruments held to manage interest rate risk		-	-	-	-	-	-	-
		<b>1,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,826</b>

All non-cash financial assets carry a fixed interest rate unless otherwise shown

Comparative figures as at 31 March 2007 were as follows

	Effective Interest Rate	Total Carrying Amount £'000	Within 1 year £'000	1-2 yrs £'000	2-3 yrs £'000	3-4 yrs £'000	4-5 yrs £'000	5 yrs + £'000
Fixed asset investments	3 50%	1,746	-	-	-	-	-	1,746
Cash at bank and in hand		587	587	-	-	-	-	-
Derivative financial instruments held to manage interest rate risk		99	70	9	9	8	3	-
		<b>2,432</b>	<b>657</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>3</b>	<b>1,746</b>

Trade and other receivables are not included in the above tables as they are non-interest bearing and are not subject to interest rate risk

#### Interest Rate Risk of Financial Liabilities at 31 March 2008

	Effective Interest Rate	Total Carrying Amount £'000	Within 1 year £'000	1-2 yrs £'000	2-3 yrs £'000	3-4 yrs £'000	4-5 yrs £'000	5 yrs + £'000
Housing loans	6 12%	63,270	-	-	-	18,270	-	45,000
Derivative financial instruments		157	62	45	36	14	-	-
		<b>63,427</b>	<b>62</b>	<b>45</b>	<b>36</b>	<b>18,284</b>	<b>-</b>	<b>45,000</b>

All financial liabilities carry a fixed interest rate unless otherwise shown

## Notes to the Financial Statements

For the year ended 31 March 2008

### 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### Interest Rate Risk of Financial Liabilities at 31 March 2008 continued

Comparative figures as at 31 March 2007 were as follows

	Effective Interest Rate	Total Carrying Amount £'000	Within 1 year £'000	1-2 yrs £'000	2-3 yrs £'000	3-4 yrs £'000	4-5 yrs £'000	5 yrs + £'000
Housing loan	6 15%	49,708	-	-	-	-	5,000	44,708
Derivative financial instruments held to manage interest rate risk		-	-	-	-	-	-	-
		<b>49,708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>44,708</b>

Trade and other payables are not included in the above tables as they are non-interest bearing and are not subject to interest rate risk

#### Borrowing Facilities

At 31 March 2008 blueroom Properties Limited had an undrawn committed borrowing facility of £41.7 million (2007: £55 million) expiring in 5 years and £0 million (2007: £0 million) expiring in 1 year or less

#### Fair Values of Financial Assets and Financial Liabilities

Set out below is a comparison by category of carrying values and fair values of all of the Company's financial instruments. None of the financial assets or liabilities have been reclassified during the year.

	Note	Book Value £'000	2008 Fair Value £'000	Book Value £'000	2007 Fair Value £'000
<b>Financial assets</b>					
Fixed asset investments	12	<b>1,826</b>	<b>1,826</b>	1,746	1,746
Cash at bank and in hand		-	-	587	587
Derivative financial instrument	14, 15	-	-	99	99
Financial assets falling due within one year		<b>822</b>	<b>822</b>	769	769
		<b>2,648</b>	<b>2,648</b>	<b>3,201</b>	<b>3,201</b>
<b>Financial liabilities</b>					
Housing loans	17	<b>63,270</b>	<b>63,270</b>	49,708	49,708
Derivative financial instruments	17	<b>157</b>	<b>157</b>	-	-
Financial liabilities falling due within one year		<b>771</b>	<b>771</b>	1,006	1,006
		<b>64,198</b>	<b>64,198</b>	<b>50,714</b>	<b>50,714</b>

## Notes to the Financial Statements

For the year ended 31 March 2008

### 19 PROVISION FOR DEFERRED TAX

	2008 £'000	2007 £'000
Accelerated capital allowances	373	345
<b>Undiscounted provision for deferred tax</b>	<b>373</b>	<b>345</b>
Provision at start of period	345	309
Deferred tax charge in profit and loss account for period (note 9)	28	36
Provision at end of period	373	345

### 20. SHARE CAPITAL

	2008 £	2007 £
<b>Authorised share capital</b>		
Attributable to equity interest		
Ordinary shares of £1 each	100	100
Attributable to non-equity interest		
Preference shares of £1 each	40,000,000	40,000,000
	<b>40,000,100</b>	<b>40,000,100</b>

	2008 £	2007 £
<b>Allotted, issued and fully paid</b>		
Attributable to equity interest		
Ordinary shares of £1 each	100	100
Attributable to non-equity interest		
Preference shares of £1 each	30,000,000	30,000,000
	<b>30,000,100</b>	<b>30,000,100</b>

### 21 MOVEMENTS ON RESERVES

	Revaluation reserve £'000	Income and Expend acct £'000	2008 Total £'000	2007 Total £'000
Balance at 1 April	26,052	6,420	32,472	31,784
Profit for the year		(362)	(362)	1,087
Transfer of realised revaluation reserve	(35)	35	-	-
Transfer of tax on realised revaluation reserve	-	-	-	(430)
Dividends (note 10)	-	-	-	(600)
(Loss)/ Surplus on revaluation of investment properties	688	-	688	631
Balance at 31 March	<b>26,705</b>	<b>6,093</b>	<b>32,798</b>	<b>32,472</b>

## Notes to the Financial Statements

For the year ended 31 March 2008

### 22. RECONCILIATION OF EQUITY FUNDS

	2008 £'000	2007 £'000
Shareholders' funds at 1 April	62,472	61,784
Recognised gains for the financial year	326	1,288
Dividends	-	(600)
Shareholders' funds at 31 March	<u>62,798</u>	<u>62,472</u>

### 23. CAPITAL COMMITMENTS

	2008 £'000	2007 £'000
Expenditure contracted but not certified	<u>4</u>	<u>-</u>
Expenditure authorised by the Directors but not yet contracted	<u>347</u>	<u>-</u>

The commitments under non-cancellable operating leases for the following year, analysed according to the period in which each lease expires are set out below

	Motor Vehicles 2008 £'000	Motor Vehicles 2007 £'000
Within one year	5	5
One to five years	2	5
Over five years	0	1

### 24. CONTINGENT LIABILITIES

The Company is party to certain legal actions arising in the ordinary course of business. While the outcome of these cases is uncertain, the directors believe, on the basis of advice received, that no material loss to the Company will occur (2007 Nil)

### 25. HOUSING STOCK

	2008	2007
Market Rented Accommodation	808	682

## **Notes to the Financial Statements**

For the year ended 31 March 2008

### **26. CASHFLOW STATEMENT**

A cashflow statement has not been prepared as blueroom properties limited is a subsidiary of Places for People Group Limited, which has prepared a consolidated cashflow statement, complying with Revised Financial Reporting Standard 1

### **27. RELATED PARTY TRANSACTIONS**

The Company is a subsidiary of the Places for People Group Limited, 4 The Pavilions, Port Way, Preston, PR2 2YB. Since the parent company publishes consolidated group accounts, the Company has taken advantage of the exemption not to report transactions with other group members as permitted in FRS 8.

Charges made within the Group relate to recoverable business charges that occur in the normal course of business.