

Company number. 1856852

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PROPERTIES

# Financial Statements

for the year ended 31 March 2010

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## Board of Directors, Executives and Advisers

<b>Board of Directors</b>	David Cowans Steven Binks David Shaw
<b>Company Secretary</b>	Christopher Paul Martin
<b>Registered Office</b>	305 Gray's Inn Road London WC1X 8QR
<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 solicitors including  Bevan Ashford Bristol  Cobbetts Manchester  Devonshires London  Eversheds Cardiff  Trowers & Hamlins 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 2006



## 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 2010

### Activities

blueroom properties limited invests in the acquisition, development, refurbishment and conversion of dwellings for market renting. blueroom properties limited 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 £4.8m (2009: £5.7m) of which £0.014m (2009: £0.9m) was received from the sale of properties. Income from letting properties during the year was £4.8m (2009: £4.8m). The profit on ordinary activities before taxation was £0.7m compared to a profit of £0.7m for the previous year.

The value of tangible fixed assets as at 31 March 2010 amounted to £107.1m, a decrease of £0.8m during the year.

As at the 31 March 2010, blueroom properties limited had 673 units in management.

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

The Company's key performance indicators are aligned with those of the ultimate parent undertaking, Places for People Group, and are included in the consolidated Group accounts.

### 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 Control and Risk Management

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

The Executive Strategic Risk Management Group monitors and steers the development and implementation of enhancements to the risk management processes and reports to the Audit & Risk Committee and Group Board as appropriate. Key tasks for this Group are to oversee the continuing refinement of risk policy, 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 codified the applicability to Registered Social Landlords of the provisions of the Combined Code on Corporate Governance. The Circular remained in force until 1 April 2010 as part of the regulatory framework of the Tenant Services Authority which succeeded the Housing Corporation as Regulator from 1 December 2008. On 1 April 2010, the Circular was withdrawn following the introduction on that date of the Tenant Services Authority's new regulatory framework. The Board believes that, for the year ended 31 March 2010, the Places for People Group Limited had 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 and thus with the Tenant Services Authority's new regulatory framework.

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 process (derived from the Circular) is the submission of a report from the Group Chief Executive to the Group Board in relation to the effectiveness of internal control. A specific requirement is that

"To help the board review the effectiveness of the Group'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 Assurance Process and subsequent confirmation of controls by Assurance & Regulation and subsidiary boards.**

Assurance & 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 company chair.

- **Submission of letters of representation from directors and senior management.**

The directors and senior management confirm that all necessary information has been made available to the auditors as part of the annual audit.

- **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 & Risk Committee over the year. A business with the size and complexity of the Places for People Group will inevitably experience some internal control issues. These are identified and addressed by management and this approach is complemented by the Risk Management Cycle.

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

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 & Risk Committee.

- **The Tenant Services Authority Regulatory Code Self - Assessment Report**

The Tenant Services Authority (TSA) has prepared, under the previous regulatory framework, a Regulatory Judgement every year where it sets out its overall assessment of Places for People's compliance with the regulatory framework for registered social landlords (RSLs). This has been superseded from 1 April 2010 by the new standards based regulatory framework. The current Regulatory Judgement sets out the TSA's view on Financial Viability, Governance and Management. The overall judgements issued by the TSA in the current Regulatory Judgement for Places for People are as follows:

- **Financial Viability** - The Group meets the expectations set out in the Regulatory Code in terms of financial viability.
- **Governance** - The Governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.
- **Management** - The Group generally meets the standard expected given the context in which it works and the available resources.

In addition, substantial work has been undertaken to ensure that the Audit & Risk Committee's structure and activities comply with the recommendations of the Combined Code.

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2010, 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.

#### **Dividend**

The directors do not recommend the payment of a dividend

#### **Directors**

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

#### **Shareholders Interests**

Places for People Homes Limited held 36,000,000 £1 preference shares totalling £36 0 million at 31 March 2010, (2009 £30 0 million) Places for People Homes Limited holds 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

#### **Statement of Directors' responsibilities in respect of the Directors' report and financial statements**

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. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)


Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are 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 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 in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

The directors are responsible for the maintenance and integrity of the corporate and financial information 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

**By the order of the Board**



**C Martin**  
Company Secretary

**28 July 2010**

**Independent auditors' report to the members of blueroom properties limited**

We have audited the financial statements of blueroom properties limited for the year ended 31 March 2010 set out on pages 7 to 20. 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

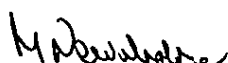
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

Chartered Accountants

St James Square  
Manchester  
M2 6DS  
6 August 2010

**blueroom properties limited**  
**Financial Statements**  
**For the year ending 31 March 2010**

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**Profit & Loss Account**

**For The Year Ended 31 March 2010**

	Notes	2010 £'000	2009 £'000
Turnover	2	4,808	5,716
Cost of sales		-	(950)
Operating costs		(1,941)	(2,939)
Operating profit		2,867	1,827
Profit on sale of fixed assets	3	5	1,791
Interest receivable and similar income	6	11	85
Interest payable and similar charges	7	(2,194)	(2,998)
Profit on ordinary activities before taxation		689	705
Tax on profit on ordinary activities	9	(214)	38
Profit for the year after taxation	19	475	743

**Statement of Total Recognised Gains and Losses**

	2010 £'000	2009 £'000
Profit for the year	475	743
Unrealised deficit on revaluation of investment properties	(696)	(4,658)
Deferred Tax on interest rate swaps	(72)	222
Fair value losses on interest rate swaps	256	(794)
Total recognised gains and losses for the year	(37)	(4,487)

**Note of Historical Cost Profits and Losses**

	2010 £'000	2009 £'000
Profit on ordinary activities after taxation	475	743
Realisation of property valuation gains of prior years	94	2,560
Historical cost profit for the year retained after taxation	569	3,303

All activities of the Company are continuing

The notes on pages 9 to 20 form an integral part of these financial statements



blueroom properties limited  
Financial Statements  
For the year ending 31 March 2010



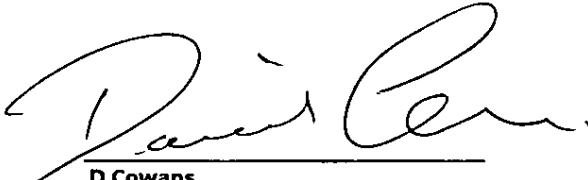
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**Balance Sheet**

as at 31 March 2010

	Notes	£'000	2010 £'000	£'000	2009 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	10		107,082		107,855
Investments	11		1,982		1,971
			<u>109,064</u>		<u>109,826</u>
<b>Current Assets</b>					
Stock	12	-		137	
Debtors	13	519		476	
Cash at bank and in hand		3,992		117	
		<u>4,511</u>		<u>730</u>	
<b>Creditors</b> - Amounts falling due within one year	14	(4,171)		(1,793)	
<b>Net current assets / (liabilities)</b>			<u>340</u>		<u>(1,063)</u>
<b>Total assets less current liabilities</b>			<u>109,404</u>		<u>108,763</u>
<b>Creditors</b> - Amounts falling due after more than one year	15		(44,904)		(50,311)
Provisions for liabilities and charges	17		(226)		(141)
<b>Net assets</b>			<u>64,274</u>		<u>58,311</u>
<b>Capital and reserves</b>					
Called up share capital	18		36,000		30,000
Revenue Reserves	19		9,577		8,824
Revaluation Reserves	19		18,697		19,487
<b>Shareholders' funds</b>	20		<u>64,274</u>		<u>58,311</u>

The financial statements on pages 7 to 20 were approved by the Board of Directors on 28 July 2010 and signed on its behalf by

  
D Cowans  
Chairman

  
S Binks  
Director



## **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.

### **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.

### **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.

### **STOCK**

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

**blueroom properties limited**  
**Notes to the Financial Statements**  
**For the year ending 31 March 2010**



**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 2006 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 16.

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.

**2. TURNOVER**

	2010 £'000	2009 £'000
Rents receivable	5,249	5,118
Less voids	(458)	(318)
Income from letting of properties	4,791	4,800
Income from sales of property developed for sale	14	910
Miscellaneous income	3	6
	<b>4,808</b>	<b>5,716</b>

**3. SALE OF FIXED ASSETS**

	2010 £'000	2009 £'000
Turnover	197	15,274
Cost of sales	(190)	(13,172)
Operating costs	(2)	(311)
Operating surplus	<b>5</b>	<b>1,791</b>

#### 4. DIRECTORS' EMOLUMENTS

The directors emoluments during the year were met by Places for People Group Ltd. Included within cost of sales is a share of the salary costs of the directors.

#### 5. EMPLOYEES

The Company had no employees during the year ending 31 March 2010. Administrative services are provided by Places for People Group Ltd and these are recharged to the company.

#### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Interest from fixed asset investments	11	71
Other interest receivable and similar income	-	14
	<u>11</u>	<u>85</u>

#### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
On bank loans and overdrafts		
Repayable within 5 years	484	-
Repayable wholly or partly in more than 5 years	1,694	2,687
On Other loans		
Repayable within 5 years	16	469
Financing costs		
Fair value (gains)/ losses on interest rate swaps	-	(158)
	<u>2,194</u>	<u>2,998</u>

#### 8. PROFIT BEFORE TAXATION

	2010 £'000	2009 £'000
The Profit on ordinary activities before taxation is stated after charging Auditors' remuneration - Audit Services	<u>9</u>	<u>8</u>

## 9 TAX ON PROFIT ON ORDINARY ACTIVITIES

### (a) Analysis of charge in year

	2010 £'000	2009 £'000
<b>Current Tax</b>		
UK Corporation tax on profits on ordinary activities of the period	-	-
UK Corporation tax on capital gain realised during the year	-	-
Adjustments in respect of prior periods	-	(28)
	-	(28)
Group relief	201	-
<b>Total current tax (note 9b)</b>	201	(28)
<b>Deferred Tax</b>		
Origination and reversal of timing differences	13	(10)
<b>Total deferred tax (note 17)</b>	13	(10)
<b>Tax on profit on ordinary activities</b>	214	(38)
<b>UK Corporation tax credit on (loss)/ tax on profits on ordinary activities</b>	214	(38)
<b>UK Corporation tax on capital gain realised during the year</b>	-	-
	214	(38)

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

The tax assessed is lower than the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	689	705
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	193	197
Effects of		
Expenses not deductible for tax purposes	21	148
Capital allowances for period in excess of depreciation	(13)	(15)
Group relief - adjustment to reflect amounts paid	201	(331)
Group relief paid	(201)	-
Adjustments to tax charge in respect of prior periods	-	(28)
<b>Current tax credit for period (note 9a)</b>	201	(28)

blueroom properties limited  
Notes to the Financial Statements  
For the year ending 31 March 2010



**10. TANGIBLE FIXED ASSETS**

	Completed properties £'000	Properties held in the course of construction £'000	Total £'000
<b>As at 1 April 2008</b>			
Revaluation	19,487	-	19,487
Cost	88,325	43	88,368
<b>Open Market Valuation</b>	<b>107,812</b>	<b>43</b>	<b>107,855</b>
<b>Additions</b>			
Revaluation	(696)	-	(696)
Cost	-	(24)	(24)
<b>Transfers from current assets</b>			
Cost	137	-	137
<b>Transfers at cost</b>	<b>16</b>	<b>(16)</b>	<b>-</b>
<b>Disposals</b>			
Revaluation	(94)	-	(94)
Cost	(96)	-	(96)
<b>As at 31 March 2009</b>			
Revaluation	18,697	-	18,697
Cost	88,382	3	88,385
<b>Open Market Valuation</b>	<b>107,079</b>	<b>3</b>	<b>107,082</b>

	2010	2009
Completed properties comprise		
Freehold	90,885	91,667
Long leasehold	16,194	16,145
	<b>107,079</b>	<b>107,812</b>

Completed properties are held at Open Market Valuation. All such assets were given a full Open Market Valuation on 31 March 2010, by DTZ Debenham Tie Leung Ltd. Comparative figures are stated on the basis of previous Open Market Valuation performed by DTZ on 31 March 2009.

**11. FIXED ASSETS - INVESTMENTS**

	2010 £'000	2009 £'000
Cost at 1 April	1,971	1,826
Additions in year	11	145
Cost at 31 March	<b>1,982</b>	<b>1,971</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.

blueroom properties limited  
Notes to the Financial Statements  
For the year ending 31 March 2010

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**12. STOCK**

	2010 £'000	2009 £'000
Completed developments	-	137

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

**13 DEBTORS** - Amounts falling due within one year

	2010 £'000	2009 £'000
Arrears of rent and service charges	203	65
Trade debtors	245	16
Sundry debtors, prepayments and accrued income	45	172
Amounts due from managing agents	26	223
	<u>519</u>	<u>476</u>

**14 CREDITORS** - Amounts falling due within one year

	2010 £'000	2009 £'000
Derivative financial instruments	391	424
Interest on housing loans	90	414
Trade creditors	27	1
Amounts owed to group undertakings	1,897	387
Corporation tax	523	-
Other creditors and accruals	688	236
Payments received on account	408	248
Prepaid rent	147	83
	<u>4,171</u>	<u>1,793</u>

**15. CREDITORS** - Amounts falling due after more than one year

	2010 £'000	2009 £'000
Loans	44,757	49,941
Derivative financial instruments	538	794
	<u>45,295</u>	<u>50,735</u>
Less payable within one year	(391)	(424)
	<u>44,904</u>	<u>50,311</u>

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

**Analysis of loan repayments:**

	2010 £'000	2009 £'000
In one year or less or on demand	391	424
In more than one year but not more than two years	147	266
In more than two years but not more than five years	-	5,304
In more than five years not by instalments	44,757	44,741
	<u>45,295</u>	<u>50,735</u>

## **16. 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 17.78% (2009 36.9%) is hedged against adverse rate movements. blueroom's borrowings have decreased by £5.2 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 £93,000 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 £5.1 million (2009 £5.1 million). The bank balance and short term investments were £4.018 million at the year end (2009 £0.126 million). In addition to this, blueroom had further available facilities of £60 million, of which £60 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**

Blueroom defines its refinancing risk as loans which do not include some form of amortisation or sinking fund. It utilises short-term revolving credit facilities as a consequence of its sales programme. The existing loan facility is repayable over the next 16 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 2010 the Company held interest rate swaps with mark to market valuation off £537,927. The interest rate swaps are held on the balance sheet at fair value in notes 14 and 15.





## 16. 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 2010

	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	0.56%	1,982	-	-	-	-	-	1,982
Cash at bank and in hand		3,992	3,992	-	-	-	-	-
		<b>5,974</b>	<b>3,992</b>	-	-	-	-	<b>1,982</b>

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

Comparative figures as at 31 March 2009 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	2.59%	1,971	-	-	-	-	-	1,971
Cash at bank and in hand		117	117	-	-	-	-	-
		<b>2,088</b>	<b>117</b>	-	-	-	-	<b>1,971</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 2010

	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	3.76%	44,757	-	-	-	-	-	44,757
Derivative financial instruments held to manage interest rate risk		538	391	147	-	-	-	-
		<b>45,295</b>	<b>391</b>	<b>147</b>	-	-	-	<b>44,757</b>

All financial liabilities carry a fixed interest rate unless otherwise shown



## 16. FINANCIAL INSTRUMENTS (CONTINUED)

### Interest Rate Risk of Financial Liabilities at 31 March 2010 continued

Comparative figures as at 31 March 2009 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	5.41%	49,941	-	-	5,200	-	-	44,741
Derivative financial instruments held to manage interest rate risk		794	424	266	104	-	-	-
		50,735	424	266	5,304	-	-	44,741

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 2010 blueroom properties limited had an undrawn committed borrowing facility of £60 million (2009 £54.8 million) expiring in 5 years and nil (2009 nil) expiring in 1 year or less

### Fair Values of Financial Assets and Financial Liabilities

Derivative financial instrument fair values are calculated by external parties at the present value of future cash flows, estimated and discounted using applicable yield curves from quoted market rates

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	2010 Book Value £'000	2010 Fair Value £'000	2009 Book Value £'000	2009 Fair Value £'000
<b>Financial assets</b>					
Fixed asset investments	11	1,982	1,982	1,971	1,971
Cash at bank and in hand		3,992	3,992	117	117
Financial assets falling due within one year		475	475	500	500
		<b>6,449</b>	<b>6,449</b>	<b>2,588</b>	<b>2,588</b>
<b>Financial liabilities</b>					
Loans	15	44,757	44,757	49,941	49,941
Derivative financial instruments	15	538	538	794	794
Financial liabilities falling due within one year		2,222	2,222	1,213	1,213
		<b>47,517</b>	<b>47,517</b>	<b>51,948</b>	<b>51,948</b>

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**17 PROVISION FOR DEFERRED TAX**

	2010 £'000	2009 £'000
Accelerated capital allowances	377	363
Short term timing differences	(151)	(222)
<b>Undiscounted provision for deferred tax</b>	<b>226</b>	<b>141</b>
Provision at start of period	141	373
Deferred tax charge in profit and loss account for period (note 9)	13	(10)
Deferred tax in STRGL	72	(222)
Provision at end of period	226	141

**18. SHARE CAPITAL**

	2010 £	2009 £
<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>

	2010 £	2009 £
<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	36,000,000	30,000,000
	<b>36,000,100</b>	<b>30,000,100</b>

**19. MOVEMENTS ON RESERVES**

	2010 Revaluation reserve £'000	2009 Profit and Loss £'000	2010 Total £'000	2009 Total £'000
Balance at 1 April	19,487	8,824	28,311	32,798
Profit for the year	-	475	475	743
Transfer of realised revaluation reserve	(94)	94	-	-
Deferred Tax on interest rate swap	-	(72)	(72)	222
(Loss)/ surplus on revaluation of investment properties	(696)	-	(696)	(4,658)
Fair value gain on interest rate swaps	-	256	256	(794)
Balance at 31 March	18,697	9,577	28,274	28,311

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**20. RECONCILIATION OF EQUITY FUNDS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Shareholders' funds at 1 April	<b>58,311</b>	62,798
Recognised gains/ (losses) for the financial year	<b>(37)</b>	(4,487)
Issue of Preference Share Capital	<b>6,000</b>	-
Shareholders' funds at 31 March	<b>64,274</b>	58,311

**21. CAPITAL COMMITMENTS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted but not certified	-	-
Expenditure authorised by the Directors but not yet contracted	-	131

**22. 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 (2009 Nil)

**23. HOUSING STOCK**

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
Market Rented Accommodation	<b>673</b>	673

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**24. 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

**25. RELATED PARTY TRANSACTIONS**

The Company is a subsidiary of the Places for People Group Limited, 305 Gray's Inn Rd, London, WC1X 8QR. Since the parent company publishes consolidated group accounts, the 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