REGENDA LIMITED

Report and Financial Statements

Year ended 31 March 2009

REGISTERED WITH
THE TENANT SERVICES AUTHORITY
NO. L4328

REGISTERED WITH
THE REGISTRAR OF COMPANIES
NO. 4334057

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Report of the Board

The Board presents its report, together with The Regenda Group's audited financial statements, for the year ended 31 March 2009.

Group structure and principal activities

Regenda Limited ("Company") is a not-for-profit registered social landlord administered by a voluntary board. The Company's principal activities are the provision of specialist support services to the Regenda Group. The Regenda Group (the 'Group') consists of Regenda Limited, a holding company which does not own property assets, and four asset owning direct subsidiaries; Maritime Housing Association, Templar Housing Association, West Pennine Housing Association and Wyre Housing Association. Each of these direct subsidiaries is a not for profit registered social landlord, with West Pennine Housing Association also having charitable status. In addition, West Pennine Housing Association has a subsidiary, Limehurst Village Trust, which is also a not for profit registered social landlord with charitable status.

The Group's principal activities are the development and management of social housing.

Business review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review that follows this Report of the Board.

Housing property assets

Details of changes to the Group's housing property assets are shown in note 12 to the financial statements.

Reserves

After transfer of the surplus for the year of £53,000 (2008 restated: surplus of £0.3 million), at the year-end Group reserves amounted to £24.3 million (2008 restated: £24.2 million).

Donations

The Group made no charitable donations (2008: £nil) and made no political donations.

Post balance sheet events

Effective 1 April 2009, Wyre Housing Association became a charitable registered social landlord.

The transfer of Limehurst Village Trust's engagements to its parent West Pennine Housing Association was completed in April 2009. This transfer gives the Group a simpler structure without impacting the service delivered to its customers.

On 13 July 2009, Maritime Housing Association acquired 191 properties in central Liverpool from another housing association following a competitive tender process during 2008/09.

Payment of creditors

In line with government guidance, the Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Employees

The Group is committed to developing a culture in which equality and diversity is integral to all of our activities, including the recruitment and development of staff. The Group aims to achieve an inclusive culture that respects and values differences and eliminates discrimination in all areas.

Employees (continued)

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests.

The Group shares information on its objectives, progress and activities through team meetings and the circulation of regular bulletins.

Health and safety

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

Board members and executive directors

Board members are drawn from a wide background bringing together professional and local experience. The Board members who served during the year ended 31 March 2009 and subsequently were as follows:

M Brown	Chair	
S Conquer	Vice Chair	
W Barker		resigned 31 March 2009
R Burman		
R Chadwick		resigned 31 March 2009
P Coffey		resigned 31 March 2009
L Fenton		resigned 15 May 2008
F Parkinson		resigned 31 March 2009
J Thomson		
S Howse		appointed 1 April 2009
D Hancock		appointed 1 April 2009
B Gallagher		appointed 1 April 2009
C Lynagh		appointed 1 April 2009

During the year the Group undertook a review of its governance arrangements to ensure they were fully effective. This resulted in a number of changes as detailed in the Operating and Financial Review that follows this Report of the Board. The changes to Board membership on 31 March and 1 April 2009 as shown above have arisen from this governance review.

Regenda Limited employs a team of executive directors who provide Group wide executive level management support to all Group members.

Board members and executive directors (continued)

Regenda Limited's executive directors who served during the year were as follows:

B Gallagher	Group Chief Executive	
P Curphey	Executive Director Strategy	
T Heyes	Executive Director Operations	
C Lynagh	Executive Director Finance	
W Taylor	Executive Director Social Enterprise	to 30 June 2009
T Wilson	Executive Director Corporate Services	

Other than the Group Chief Executive and Executive Director Finance, who each hold one share in the Company, executive directors hold no interest in the Company's shares or in the shares of any Group member. They act as executives within the authority delegated by the Board. Group insurance policies indemnify Board members and officers against liability when acting for the Group.

Further details of executive directors' remuneration are disclosed under note 10.

NHF Code of Governance

The Group complies with the principal recommendations of the NHF's code of governance "Excellence in Governance – Code for Members" (revised 2009). During the year the Group undertook a review of its governance arrangements to ensure they were fully effective. This resulted in a number of changes as detailed in the Operating and Financial Review that follows this Report of the Board. Changes to Board membership on 31 March and 1 April 2009 as shown above have arisen from this governance review.

Resident involvement

The Group actively encourages residents' involvement in decision-making by promoting mechanisms of resident involvement. Regenda Limited and each of its direct subsidiaries has a resident Board member and clear reporting arrangements between resident groups and the Group's Boards exist.

Complaints

The Group has reviewed its complaints procedure during the last 12 months and introduced a new complaints monitoring system. The Group now captures service failures (informal complaints) and customers are able to make a complaint to any officer by any means of contact. The new system enables trends in service failures and formal complaints to be captured which supports improvements to services.

The new process has led to an increase in volumes of complaints recorded. During 2008/09 the Group received 1,671 service failures (informal complaints) and 597 formal complaints.

Due to the use of the new complaints monitoring system in 2008/09 the Group underperformed in respect of its 80% target of responding and resolving complaints at Stage 1.

The Group has retained its 80% target for the next financial year in relation to responding and resolving complaints at Stage 1 but has expanded it to relate to Stage 2 of the process.

Report of the Board

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group and the Company is ongoing and has been in place throughout the period commencing 1 April 2008 up to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Group Committees;
- responsibilities of the Group Nomination and Remuneration Committee (renamed Nominations and Remuneration Committee 1 April 2009), Group New Business and Asset Management Committee (renamed New Business Committee 1 April 2009), Group Risk and Audit Committee (renamed Risk and Audit Committee 1 April 2009), Group Finance Committee (renamed Finance Committee 1 April 2009) and Housing Services Committee (established 1 April 2009) as Committees of the Board, and from 1 April 2009 as Committees of the all of the Group's Boards, for dealing with all relevant issues in relation to the Company and its direct subsidiaries;
- from 1 April 2008 to 31 March 2009 the Company and each direct subsidiaries' right to nominate one of its Board members onto each of the above Committees:
- from 1 April 2009 the Company and each direct subsidiary has had non-executive Board member representation on each of the above Committees;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review at a Group level on an annual basis;
- regular reporting to the Group's Boards on key business objectives, targets and outcomes; and
- Board approved whistle-blowing and fraud policies.

The Board cannot delegate ultimate responsibility for the system of internal control, but the Risk and Audit Committee regularly reviews the effectiveness of the system of internal control across the Group, including the Company. The Board receives minutes of Risk and Audit Committee meetings.

The Risk and Audit Committee has received the Group Chief Executive's annual review of the effectiveness of the system of internal control for the Group, which includes the Company, and the annual report of the internal auditor and has reported its findings to the Company's Board.

Report of the Board

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on 17 September 2009 at Cranage Hall, Holmes Chapel, Cheshire.

Disclosure of information to auditors

At the date of making this report each of the company's Board members, as set out above, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware; and
- each Board member has taken all the steps that they ought to have taken as a Board member in order to make themselves aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

External auditors

A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.

The Report of the Board was approved by the Board on 1 September 2009 and signed on its behalf by:

Michael Brown

M Brown
Chair

Regenda House
Enterprise Business Park
Northgate Close
Horwich
Bolton
BL6 6PQ

Operating and Financial Review

Background

Vision and values

Our vision is to make the North West a better place to live by being a leading independent regeneration group.

At Regenda, we have always known that how we work influences our ability to do what we want to as effectively as possible. Therefore, we will ensure that our ways of working and relationships with others reflect a number of key principles set out below:

- We will be open, accountable and respectful in our relationships and dealings with others, working in a spirit of co-operation and partnership.
- We will continue to create a good place to work with an innovative, "can do" culture where people understand their roles, have the knowledge and skills they need and work well together.
- We will be responsive to the diverse needs of the people and communities we work with and for – and those of our own staff and Board members. We will work in ways that include and empower them.
- We will be environmentally responsible in the way we work and the resources we use.
- We will continue to increase our productivity and deliver the best value we can.

The Group measures how well it reflects these values in practice by consulting with its own staff, its customers and other stakeholders enabling them to exert influence on its policies and procedures.

Activities

The Group is primarily a landlord to people unable to adequately meet their housing needs in the open market. The Group owns or manages 12,259 properties in the North West of England.

The Group provides supported and sheltered housing for residents who require not only good quality accommodation but also some degree of support or care to enable them to sustain their accommodation and improve their quality of life. Client groups that the Group works with include elderly residents, people with mental health needs, homeless people, young people, drug or alcohol users and teenage parents.

The Group is a major developer of new affordable housing and is one of the organisations selected by the Homes and Communities Agency as a development partner.

The Group also undertakes significant community regeneration activity in partnership with a wide range of agencies across the North West, notably in the two Housing Market Pathfinder areas of Oldham/Rochdale and Merseyside.

External influences

The Group's plans are affected by wider socio-economic developments and political responses to them. The most important of these developments currently taking place, and their implications for the Group, are covered overleaf.

Operating and Financial Review

External influences (continued)

Demographic change and housing supply. The United Kingdom has a continuing need for more homes in response to demographic changes. This is still forecast to be the case despite the recent economic downturn – not least because of a fall in the supply of new homes, particularly from the private sector, which has resulted from it. The recession has also led to an increase in repossessions because of difficulties people face in keeping up their mortgage payments. Many people are also finding it difficult to get access to the mortgage finance they need to buy their own home. All these factors are currently increasing the need for rented housing (as reflected in growing social housing waiting lists and the supply of privately rented housing). The Government announced in June 2009 that it will fund the provision of 110,000 more new affordable homes over the next two years in response to these trends - 20,000 more than its previous target.

The Homes and Communities Agency ("HCA") will be responsible for delivering these extra affordable homes. The agency "opened for business" late in 2008 and took over responsibility from the Housing Corporation for investing the £8.4bn National Affordable Housing Programme. It is also responsible for the delivery of a range of other regeneration and housing policies (including housing growth, decent homes, housing market renewal, housing PFI, and urban regeneration).

The new agency has spent much of the first few months of its life working closely with housing providers to ensure the continued supply of new affordable homes and tackling the problem of unsold housing that was built for low cost home ownership. In doing this, the HCA has shown considerable flexibility around the level of grant it has been wiling to pay to secure new homes. The Chief Executive of the HCA has stressed that this flexibility will be one of the continuing features of the agency's work. Another of these key features will be working very closely with local partnerships to develop and support the delivery of plans designed to create prosperous and sustained communities which clearly set out the role housing and other regeneration activity need to play in their delivery. The HCA has emphasised the leading role that local authorities will play in shaping plans for their areas – reflecting the increasing importance Government places on passing down power to local communities and citizens as a way of improving service provision.

The Group carried out a review of its development plans during the past year. This review led to changes in the size and shape of the Group's housing development targets and plans. These targets and plans will continue to be kept under review in light of the future course of the economy and the sorts of policy responses to it which are outlined above.

Consumer choice and local empowerment. Last year's review highlighted the Government's commitment to give more power to local communities and choice to people who use public services. It went on to highlight that, as part of its commitment to deliver this agenda in relation to social housing, the Government planned to create a new regulatory system for social housing based on recommendations from an independent review (known as the "Cave Review"). At the centre of this plan was the creation of a new agency known as the "Tenant Services Authority" (the "TSA"). This new agency came into being on 1 December 2008 to ensure the provision and development of high quality social housing, empower and protect consumers and expand choice in the provision of social housing. In doing this it will be able to reduce the regulatory burden for high performing social landlords, whilst having stronger powers to take action over poor performance.

External influences (continued)

The TSA has carried out a "national conversation" with social housing tenants. The results of this conversation are being used to influence the shape of a new regulatory framework which will come into force for all social housing providers from April 2010. The TSA has now published its initial consultation paper on the proposed nature and shape of this new framework. This paper makes it clear that the TSA envisages its new system of regulation being based around a broad framework of standards that places more responsibility for running services on landlords' boards, committees and board members and less on meeting detailed rules and directions set out by the TSA itself. The TSA calls this new approach "co-regulation". What this new system means in practice for social housing providers will be much clearer this time next year.

Housing and the economy. Last year's review highlighted the links between the country's housing system and its wider economic performance. Many of the themes in this year's review, particularly around the impact of the economic downturn, have shown just how inextricable these links are, not least by increasing the current need for affordable rented housing and the fall in demand for home ownership.

Last year's review noted the concern highlighted by the "Hills Review" about the disproportionately high percentage of social housing residents not in work. The financial downturn has increased unemployment which is forecast to continue to increase for some time to come. Housing and construction have been particularly affected by this trend, particularly in the private sector. This has led the Government to introduce a number of schemes designed to tackle this problem in addition to the Working Neighbourhood Fund that was mentioned in last year's review. One of these is the "Future Jobs Fund" which is designed to offer an opportunity of work, primarily to younger people who have been on the job register for up to a year. The Group has a long and successful track record of working with other agencies in developing and delivering a range of initiatives to help people into work. Not surprisingly, therefore, we are currently exploring how we can actively participate in the "Future Jobs Fund", or any other similar initiatives to offer opportunities for people to move into work or training.

Objectives and strategy

The Group launched a new Group Corporate Plan for the period from 2008/09 to 2010/11 following an extensive review involving both Board members and staff. The Group Corporate Plan sets out the Group's aims and ambitions. Performance against the key indicators and targets set out in this plan are monitored by the Group's Boards on a quarterly and annual basis.

The Group's four key objectives relevant to the year ended 31 March 2009 build upon those for prior years whilst focussing on the Group's key priorities as follows:

1. We will place at our heart the provision of top class services that are tailored to our diverse customers' individual needs and that enable them to live as safely and independently as possible in their own homes ("Objective 1 - Customer Services").
2. In partnership with others, we will invest in the diverse neighbourhoods where our existing customers live to make them sustainable places in which people can and want to stay. In doing so, and where necessary, we will develop and deliver innovative products and services and act as an advocate for our customers ("Objective 2 - Neighbourhoods and Places").

Operating and Financial Review

Objectives and strategy (continued)

3. We shall build and maintain quality homes that meet people's needs and aspirations in places where they want to live ("Objective 3 - Homes").
4. We will grow in other ways and other places where doing so can improve people's quality of life and also benefit our existing customers ("Objective 4 - Growth").

Performance in the year

The Group's executive team and Boards use a wide range of indicators to monitor achievement of the Group's objectives. An overview of the Group's performance in the year is given below.

Customer services

We believe that the most effective way of measuring whether we are delivering the level of customer service our residents expect is to ask their opinion. During the year, over 95% of those surveyed told us they were satisfied or very satisfied with the repairs and maintenance service they had experienced, comfortably exceeding our 80% target. 86% of residents surveyed declared themselves to be satisfied or very satisfied with the overall landlord service the Group delivers and 72% that their views are being taken into account. These positions again comfortably exceed the targets set of 86% and 72% respectively. More stringent targets have already been set for the future with an increasing focus on reducing to nil those customers who express dissatisfaction with the Group.

We are increasingly focussing attention on our vulnerable residents and ensuring that the details we hold accurately reflect their circumstances. This information is being used for service redesign to ensure the services we deliver are appropriate to residents' needs.

Despite the challenging economic environment, we have had continued success in driving down rent arrears and managing vacant homes. Rent losses (measured as voids and bad debts as a percentage of rent and service charges receivable) fell to 1.7% (2008: 2.2%) and overall rent arrears at the year-end (measured as gross arrears as a percentage of rent and service charges receivable) has fallen to 6.6% (2008: 7.1%), including former tenant arrears.

Although the percentage of our homes that are vacant but available to let is below the target of 1%, the average time it takes to re-let them once they become empty has remained static compared to 2008 at 39 days. This situation is under review as part of the Group's service review programme.

Neighbourhoods and places

In order to assess the sustainability of the neighbourhoods where our residents live we have devised a scoring mechanism, known as the Neighbourhood Sustainability Index, which takes into account factors such as turnover, repair costs, arrears and anti social behaviour. This has shown a year-on-year improvement from 51.7% in 2007/08 to 53.6% in 2008/09. However, despite this overall position some neighbourhoods have not performed well and bespoke action plans are either in place or are being developed to address their individual issues.

Tenancy turnover is a key measure of sustainability and in common with other landlords, especially in Merseyside, we have experienced a year on year increase from 9.2% to 10.9% which was in excess of our target of 8.5%.

Neighbourhoods and places (continued)

The reasons why residents leave our properties are varied. As such performance in this area can be difficult to predict as it can often be driven by the individual resident's changing needs. However we are focussing on turnover "hotspots", such as some types of flatted accommodation, and considering appropriate support for people who need help sustaining their tenancy. Turnover has fallen since the year end.

We will continue to focus our investment, whether it is on repairs and maintenance or gift aid funding for community projects, in order to address issues of neighbourhood sustainability wherever possible.

Homes

A key priority for the Group during the year has been its progress towards achieving sector wide targets for the proportion of our homes that meet the "Decent Homes Standard". In the early part of the year considerable emphasis was placed on ensuring that the information held on individual properties was complete and accurate so as to ensure that investment to meet the required standard was appropriately targeted. By the end of the year over 90% of our homes met the Decent Homes Standard which was in excess of our 85% target and well on the way to exceeding the required 95% level by the end of 2010.

Despite difficult economic conditions we also exceeded out target of building new homes by completing 129 units. The vast majority of these have been rented, which represents a change from our original plans which assumed that well over half would have been available for sale on a shared ownership basis. This change reflects market conditions whereby mortgage finance has been generally unavailable to people for whom our housing for sale is usually targeted. The switch to rental tenure has however proved extremely successful as the properties are in popular areas and have been built to designs that appeal to local residents. The Homes and Communities Agency and relevant Local Authorities have supported all such changes of tenure, with the former providing considerable additional grant support.

Growth

The targets related to our growth objective have been the most challenging to achieve as external economic conditions have worsened. External funding sources that we have traditionally accessed have significantly reduced, especially those focussed on regeneration activity. Our focus has therefore been on completing projects that were already underway and ensuring that limited new sources of funds are targeted on the key neighbourhoods in which we work.

Despite this, we successfully negotiated the acquisition of 191 good quality properties in central Liverpool from Servite Houses, which will compliment our existing stock in the area. Following extensive in-year due diligence this acquisition completed on 13 July 2009.

Governance

During the year the Group undertook a review of its governance arrangements to ensure they were fully effective and would ensure that the Group was best placed to deliver its Group Corporate Plan. The organisations that make up the Group came together several years ago and, although considerable progress had been made in improving and standardising the services delivered to all residents and in capitalising on the Group's buying power, it was increasingly apparent that the Group's governance arrangements and structure were hampering the drive for increased efficiency.

Operating and Financial Review

Governance (continued)

In particular it was recognised that the spread of the Group's operations across six legal entities, of which four were tax payers, was unnecessarily complex and the involvement of over forty Board members was unwieldy and led to considerable repetition in meetings and the dilution of decision making powers at a subsidiary level.

A joint Board member and officer working group was brought together to consider these issues under the leadership of the Chair of Regenda Limited. This working group recommended that the Group's governance arrangements and efficiency of operation would be enhanced by the following:

- A reduction in the number of legal entities within the Group with more of our operations being properly identified as charitable in nature and hence not subject to corporation tax.
- A reduction in the number of Board members with common membership of all Group Boards where possible and a focus on the range of skills that Board members bring.
- An expanded remit for existing Group Committees to be responsible for the relevant activity of all Group organisations.
- An additional Committee, to be known as the Housing Services Committee, to focus on operational performance.
- An enhanced resident engagement framework with at least one resident Board member on each Group Board and clearer links between resident groups and the Group's Boards.

The above have largely been achieved, although ensuring good governance will continue to be a focus for the Group.

Risks and uncertainties

Strategic risks are those that present the greatest threats to the Group. Directly linked to the Group's corporate objectives and performance management framework, the Group's strategic risks are considered and reviewed at least annually by the Risk and Audit Committee as part of the corporate planning processes. The risks are recorded and assessed in terms of their likelihood and impact. Risk reports include assessments of key controls used and action taken to manage them.

The Group's strategic risks are considered below.

Key risk	Comment
Financial	Due to the pressure on our lenders own profitability the Group's very favourable borrowing terms are under increased scrutiny. We have always and will continue to ensure compliance with covenants and other borrowing conditions to ensure our terms are maintained. There is a risk that factors outside our direct control can influence compliance with such conditions. Lack of liquidity in the market has meant that mortgages are increasingly difficult to obtain, especially for low cost home ownership. As a result, many of our homes developed for sale will instead be rented and the timing of any return to this market will be carefully considered.

Risks and uncertainties (continued)

Key risk	Comment
Regulatory and legislative	The changes made to the Group's governance arrangements will ensure that it is ready to respond to the challenges that "co-regulation", as proposed by the TSA, will bring. Our selective use of expert third party advisors and commitment to training staff ensure that the Group is prepared when legislative changes occur.
Economic	The Group took sensible and timely steps to cut its cost base in response to the "credit crunch", whilst continuing to focus on performance. As a result financial performance has not deteriorated and issues such as a potential reduction in future rents and increasing pension liabilities have been planned for and can be managed if required.
Political	A potential change in ruling party in 2010 may bring significant changes to the sector. The Group's governance arrangements and planning process will allow us to respond flexibly and quickly as required to whatever changes this may bring.
Environmental	The Group has a Business Continuity Plan that supports a response to a range of potential external issues that may affect the business. As yet, the way in which the sector will be required to respond to a future "green" agenda is unclear but we continue to review low carbon technology to position ourselves for likely future change.
Supply chain	In these challenging economic times the Group continues to focus on the importance of close working relationships with its supply chain to ensure that the risk of disruption is minimised.

Financial position

The Group's income and expenditure account and balance sheet are shown on pages 19 and 21 respectively. The following paragraphs highlight key features of the Group's financial position at 31 March 2009.

Accounting policies

The Group's principal accounting policies are set out on pages 23 to 27 of the financial statements.

The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties. With the exception of accounting for shared ownership, each of these policies has remained unchanged during the period under review. During the year accounting for shared ownership was changed in accordance with the requirements of SORP 2008 (refer to the notes to the financial statements for further detail).

Housing properties

At 31 March 2009 the Group owned 11,910 housing properties (2008: 11,836). The properties were carried in the balance sheet at cost (after depreciation and capital grant) of £166 million (2008 restated: £153 million). Investment in housing properties during the year was funded through a mixture of social housing grant, loan finance and working capital.

Operating and Financial Review

Pension costs

The Group participates in two pension schemes, the Social Housing Pension Scheme and the Lancashire County Council Pension Fund. Both are final salary schemes, offering good benefits for staff. Details of the Group's contribution to and performance of these schemes is detailed in note 9 to the financial statements.

Capital structure and treasury policy

Details of the Group's borrowings and the related maturity profile are shown in note 19 to the financial statements. The Group borrows, principally from banks and building societies, at both fixed and floating rates of interest. Interest rate hedging is used to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's target is to keep at least 70% of its borrowings at fixed rates of interest. At the year-end, 94.8% (2008: 78.9%) of the Group's borrowings were at fixed rates.

The fixed rates of interest range from 3.79% to 11.55%, although the vast majority of amounts borrowed are at the lower end of this range. In the current market, where long term fixed rates have fallen below 5%, this means that the Group is paying relatively competitive rates of interest.
The Group borrows and lends only in sterling and so is not exposed to currency risk.

Cash flows

Cash inflows and outflows during the year are shown in the consolidated cash flow statement (page 22). The cash inflow from operating activities increased this year to £11.8 million (2008: £9.2 million).

Future developments

A key influence on the timing of borrowings is the rate at which development and sales activity takes place. The Board has approved plans to spend £27.9 million during the next financial year on development activity. A further £14.7m is approved for completion of the programme thereafter. This will be partly funded through sales income and social housing grant, with the balance through the Group's loan facilities. Loan facilities of £33.5 million are available under existing arrangements.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in Part 3 of the SORP 'Accounting by Registered Social Landlords' (Update 2008).

Statement of Responsibilities of the Board

Statement of Responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company Law and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and company at the end of the year and of the surplus or deficit of the Group and company for the year then ended.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by registered social landlords" (2008), subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and company and enable it to ensure that the financial statements comply with the Companies Act 1985, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2006. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (2008).

The Board is responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Regenda Limited

We have audited the Group and company financial statements of Regenda Limited for the year ended 31 March 2009, which comprise the Group and company income and expenditure accounts, the Group and company balance sheets, the Group cash flow statement, the Group and company statements of total recognised surpluses and deficits, the Group and company reconciliation of movements of funds, and the notes 1 to 32. 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 regulations made under 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 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 the board and auditors

The responsibilities of the Board for preparing the report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the Board for the financial statements.

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, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

We also report to you if, in our opinion, the Report of the Board is consistent with the financial statements. The information given in the Report of the Board includes the specific information presented in the Operating and Financial Review that is cross-referred from the Business Review section of the Report of the Board.

In addition, 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 other transactions is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Board and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the company's circumstances, consistently applied and adequately disclosed.

Independent Auditors' Report to the Members of Regenda Limited (continued)

Basis of audit opinion (continued)

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 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 United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Group and company as at 31 March 2009 and of the surplus for the year then ended.
- The financial statements have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 2006.
- The information given in the Report of the Board is consistent with the financial statements.

Grant Thornton UK LLP.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Manchester, England.

4 September 2009

Consolidated and Company Income and Expenditure Accounts
Year ended 31 March 2009

		Group		Company	
		2009	2008 Restated	2009	2008
	notes	£000	£000	£000	£000
Turnover : continuing activities	3	45,030	50,716	10,685	11,397
Cost of sales	3	(2,744)	(8,830)	-	-
Operating costs	3	(32,947)	(33,812)	(10,492)	(11,314)
Operating surplus : continuing activities	3	9,339	8,074	193	83
(Deficit) / surplus on sale of housing properties	6	(35)	1,912	-	-
Impairment of fixed assets	12&15	-	(451)	-	-
Interest receivable	7	112	169	5,309	3,873
Interest payable	8	(8,728)	(9,066)	(5,305)	(3,930)
Other finance costs	9	(88)	(26)	-	-
Surplus on ordinary activities before taxation		600	612	197	26
Tax on surplus on ordinary activities	11	(547)	(317)	(60)	(2)
Surplus for the year	23	53	295	137	24

The notes on pages 22 to 52 form part of these financial statements.

Statement of Total Recognised Surpluses and Deficits

Year ended 31 March 2009

	Group		Company	
	2009	2008 Restated	2009	2008 Restated
	£000	£000	£000	£000
Surplus for the year	53	295	137	24
Actuarial gain / (loss) relating to pension scheme	84	(388)	-	-
Total recognised surplus / (deficit) for the year	137	(93)	137	24
Prior year adjustment (note 30)	729		-	
Total recognised surpluses and deficits relating to the year	866		137	

Reconciliation of movements in Group's and Company's funds

Year ended 31 March 2009

	Group		Company	
	2009	2008 Restated	2009	2008 Restated
	£000	£000	£000	£000
Opening funds as previously stated	23,463	23,794	16	(8)
Prior year adjustment (note 30)	729	491	-	-
Opening funds restated	24,192	24,285	16	(8)
Total recognised surplus / (deficit) for the year	137	(93)	137	24
Closing total funds	24,329	24,192	153	16

Consolidated and Company Balance Sheets
At 31 March 2009

		Group		Company	
		2009	2008 Restated	2009	2008
	notes	£000	£000	£000	£000
Tangible fixed assets					
Social housing and non-social housing properties	12	412,157	391,237	-	-
Social housing grant	12	(246,397)	(238,258)	-	-
	12	165,760	152,979	-	-
Other tangible fixed assets	13	4,919	5,021	2,425	2,626
		170,679	158,000	2,425	2,626
Investment in subsidiaries	14	-	-	-	-
		170,679	158,000	2,425	2,626
Current assets					
Properties for sale	15	5,891	16,778	-	-
Debtors	16	3,512	6,092	128,314	67,334
Investments	17	1,116	1,255	-	-
Cash at bank and in hand		2,932	3,602	18	21
		13,451	27,727	128,332	67,355
Creditors : amounts falling due within one year	18	(16,671)	(18,959)	(15,123)	(14,115)
Net current (liabilities) / assets		(3,220)	8,768	113,209	53,240
Total assets less current liabilities		167,459	166,768	115,634	55,866
Creditors : amounts falling due after more than one year	18	141,294	140,683	115,481	55,850
Net pension liability	9	1,836	1,893	-	-
		143,130	142,576	115,481	55,850
Capital and reserves					
Non-equity share capital	22	-	-	-	-
Designated reserves	23	2,625	2,806	-	-
Restricted reserve	23	505	419	-	-
Revenue reserve	23	21,199	20,967	153	16
Group's / Company's funds	23	24,329	24,192	153	16
		167,459	166,768	115,634	55,866

The financial statements were approved by the Board on 1 September 2009 and signed on its behalf by:

Michael Brown

M.Brown
Chair

S.Conquer
Deputy Chair

J Vincent
Secretary

Consolidated Cash Flow Statement

Year ended 31 March 2009

	notes	2009 £000	2008 £000
Net cash inflow from operating activities	25	11,831	9,181
Returns on investments and servicing of finance			
Interest received		112	590
Interest paid		(8,926)	(9,650)
		(8,814)	(9,060)
Taxation			
Corporation Tax paid		(157)	(138)
Capital expenditure			
Acquisition and construction of properties		(15,389)	(20,860)
Sales of housing properties		4,451	22,046
Social housing grants received		6,378	4,391
Purchase of other tangible fixed assets		(620)	(1,390)
		(5,180)	4,187
Management of liquid resources			
Cash withdrawn from money market deposit accounts		139	148
Financing			
Housing loans received		60,000	3,000
Housing loans repaid		(58,491)	(7,377).
Financing		1,509	(4,377)
Decrease in cash	27	(672)	(59)

1. Legal status

Regenda Limited is a company limited by guarantee under the Companies Act, and is registered with the Tenant Services Authority as a social landlord.

2. Accounting policies

Basis of accounting

The financial statements of the Group and company are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting by Registered Social Landlords, issued in January 2008 (SORP 2008), and comply with the Accounting Requirements for registered social landlords General Determination 2006.

The prior period adjustment reflects a change in the accounting policy for shared ownership first tranche sales under SORP 2008. The effect of this change is shown in detail in note 30.

Basis of consolidation

The Group accounts consolidate the accounts of the company and all its subsidiaries at 31 March using merger accounting.

Turnover

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

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

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. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

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

Accounting policies (continued)

Interest payable (continued)

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or

b) interest on borrowings of the Group as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

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

Derivatives

The Group uses interest rates swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans.

Pensions

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS') and the Lancashire County Council Pension Fund ('LCCPF').

For the SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

For the LCCPF, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised in the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Supported housing managed by agencies

Social housing capital grants are claimed by the Group as developer and owner of the property and included in the balance sheet of the Group. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Group and its managing agents and on whether the Group carries the financial risk.

Where the Group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all of the project's income and expenditure is included in the Group's income and expenditure account.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Group.

Accounting policies (continued)

Social housing and non social housing properties

Social housing and non social properties are principally properties available for rent and are stated at cost less depreciation and social housing and other grants. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost less any provisions needed for depreciation or impairment.

Social housing grant

Social housing grant (SHG) is receivable from the Homes and Communities Agency and is utilised to reduce the capital costs of housing properties, including land costs. SHG due or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

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

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

True and Fair Override

Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet (see note 12). This is a departure from the rules under Schedule 4 of the Companies Act 1985 but in the opinion of the Board is a relevant accounting policy, comparable to that adopted by other registered social landlords that has been adopted in order to present a true and fair view.

Depreciation of social housing and non social housing properties

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

Accounting policies (continued)

Depreciation of social housing and non social housing properties (continued)

Social housing and non social housing properties	100 years

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Housing properties in the course of construction are stated at cost and not depreciated.

Impairment

Social housing and non social housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount.

Other tangible fixed assets

Tangible fixed assets, other than social housing and non social housing properties are stated at cost less accumulated depreciation.

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

Freehold buildings	100 years
Scheme Equipment	4 to 20 years
Furniture, fixtures and fittings	10 years
Computer software	8 years
Computers hardware and office equipment	4 years
Motor vehicles	4 years

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Properties for sale

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

The proceeds from the sale of the first tranche are included within turnover.

Sales of subsequent tranches are treated as disposals and are shown in the income and expenditure account within surplus/(deficit) on sale of housing properties.

Current asset investments

Investments are stated at market value.

Accounting policies (continued)

Deferred income

Where debt has been issued at a premium, the premium is treated as deferred income and is released to the Income and Expenditure Account over the term of the loan.

Liquid resources

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

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

3. Turnover, cost of sales, operating costs and operating surplus

	2009				2008 Restated			
	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)
Group	£000	£000	£000	£000	£000	£000	£000	£000
Income and expenditure from social housing activities								
Housing accommodation	31,318	-	(21,612)	9,706	31,984	-	(22,658)	9,326
Supported housing	6,794	-	(6,036)	758	5,317	-	(4,994)	323
Low cost home ownership	1,851	-	(1,647)	204	1,777	-	(1,587)	190
Social housing lettings	39,963	-	(29,295)	10,668	39,078	-	(29,239)	9,839
Other social housing activities								
Supporting people contract income	184	-	(156)	28	108	-	(106)	2
Development services	-	-	-	-	156	-	(379)	(223)
Development costs not capitalised	-	-	(94)	(94)	-	-	(119)	(119)
Management services	128	-	(47)	81	360	-	(79)	281
Community regeneration	1,785	-	(3,102)	(1,317)	1,972	-	(3,474)	(1,502)
First Tranche Property Sales	2,379	(2,744)	-	(365)	7,262	(7,665)	-	(403)
Other	177	-	(72)	105	491	-	(171)	320
	4,653	(2,744)	(3,471)	(1,562)	10,349	(7,665)	(4,328)	(1,644)
Non-social housing activities								
Lettings	404	-	(97)	307	337	-	(235)	102
Other	10	-	(5)	5	14	-	(3)	11
Development for sale	-	-	(79)	(79)	938	(1,165)	(7)	(234)
	414	-	(181)	233	1,289	(1,165)	(245)	(121)
Total	45,030	(2,744)	(32,947)	9,339	50,716	(8,830)	(33,812)	8,074

Regenda Limited

	2009				2008 Restated			
	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)
Other social housing activities								
Management services	10,685	-	(10,487)	198	11,394	-	(11,311)	83
Non-social housing activities	-	-	(5)	(5)	3	-	(3)	-
	10,685	-	(10,492)	193	11,397	-	(11,314)	83

3. Turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

Group	2009				2008 Restated
	General needs	Supported housing and housing for older people	Low cost home ownership	Total	Total
Turnover from social housing lettings	£000	£000	£000	£000	£000
Rent receivable net of identifiable service charges	29,899	5,369	1,163	36,431	34,790
Charges for support services	27	371	26	424	294
Service charges receivable	1,172	1,051	662	2,885	3,230
Net rental income	31,098	6,791	1,851	39,740	38,313
Other revenue grants	220	3	-	223	765
Turnover from social housing lettings	31,318	6,794	1,851	39,963	39,078
Expenditure on social housing lettings					
Management	(6,803)	(1,374)	(693)	(8,870)	(8,742)
Services	(986)	(1,817)	(672)	(3,475)	(3,724)
Routine maintenance	(6,361)	(1,069)	(37)	(7,467)	(7,065)
Planned maintenance	(3,957)	(861)	-	(4,818)	(4,564)
Major repairs expenditure	(2,009)	(404)	-	(2,413)	(2,902)
Bad debts	(160)	(9)	(2)	(171)	(353)
Depreciation of social housing properties	(1,089)	(264)	(185)	(1,538)	(1,237)
Other costs	(247)	(238)	(58)	(543)	(652)
Operating costs on social housing lettings	(21,612)	(6,036)	(1,647)	(29,295)	(29,239)
Operating surplus on social housing letting activities	9,706	758	204	10,668	9,839
Void Losses	(361)	(159)	-	(520)	(570)

3. **Turnover, cost of sales, operating costs and operating surplus on lettings (continued)**

Particulars of turnover from non - social housing lettings

	Group	
	2009	2008
	£000	£000
Office and Retail Units	244	83
Market Rented	160	254
	404	337

4. Accommodation in management and development

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

	Group	
	2009	2008
	number	number
Social housing		
General housing	8,634	8,591
Supported housing and housing for older people	1,818	1,826
Low cost home ownership	1,354	1,335
Leasehold for the elderly	49	49
Total owned	11,855	11,801
Accomodation managed for others	326	327
Total owned or managed	12,181	12,128
Non-social housing		
Market rented	55	35
Office and retail units owned by the Group	23	24
	78	59
Total owned and managed	12,259	12,187
Accomodation in development at the year end	201	283

Regenda Limited does not own or manage housing accommodation (2008 : nil).

5. Surplus on ordinary activities

Surplus on ordinary activities before taxation is stated after charging:

	Group		Company	
	2009	2008 Restated	2009	2008
	£000	£000	£000	£000
Depreciation of social housing properties	1,524	1,244	-	-
Depreciation of non social housing properties	23	23	-	-
Depreciation of other tangible fixed assets	629	466	482	317
Deficit on disposal of other fixed assets	451	110	-	-
Operating lease rentals				
- land & buildings	1,015	924	-	-
- office equipment, cars and computers	73	214	67	178
Auditors remuneration (including VAT)				
- for the audit of the financial statements	57	65	6	6
- other services in respect of taxation	25	29	20	14
- for the audit of service charge accounts	15	19	-	-

6. Sales of housing properties

	Group	
	2009	2008 Restated
	£000	£000
Proceeds of sales	4,451	17,316
Cost of sales	(4,449)	(15,377)
Operating costs	(37)	(27)
(Deficit) / surplus for the year	(35)	1,912

Regenda Limited does not own or manage housing properties (2008 : nil).

7. Interest receivable and other income

	Group		Company	
	2009	2008 Restated	2009	2008
	£000	£000	£000	£000
Interest receivable and similar income	112	169	-	-
From subsidiaries relating to syndicated housing loans	-	-	5,309	3,873
	112	169	5,309	3,873

8. Interest payable and similar charges

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Bank loans and overdrafts	8,975	9,246	5,305	3,930
Interest payable capitalised on housing properties under construction	(247)	(180)	-	-
	8,728	9,066	5,305	3,930

The capitalisation rates applied to determine the finance costs during the period were 4.5% for all subsidiaries (2008 : 4.5%).

9. Employees

Average monthly number of employees expressed in full time equivalents :

	Group		Company	
	2009	2008	2009	2008
	Number	Number	Number	Number
Administration	66	86	61	76
Development	17	19	17	18
Housing, support and care	232	204	119	103
Community regeneration	50	69	7	-
	365	378	204	197

Employee costs

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Wages and salaries	9,057	9,166	5,635	5,583
Social security costs	771	829	499	551
Other pension costs	843	799	582	556
Accomodation for on-site staff	15	12	11	8
	10,686	10,806	6,727	6,698

9. Employees (continued)

The Group's employees are members of the Social Housing Pension scheme and the Lancashire County Council Pension Fund, details of which are given below.

Social Housing Pension Scheme (Group and Company)

Regenda Limited and all Group members participate in the Social Housing Pension scheme (SHPS).

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

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

Final salary with a 1/60th accrual rate.

Final salary with a 1/70th accrual rate.

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

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

The Group has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 30 September 2006 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1 October 2006.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due.

From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the Group paid contributions at rates which varied between 16.4% and 17.3% per individual member. Member contributions varied between 4.1% and 6.1% depending on their age.

As at the balance sheet date there were 163 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £4.8m. The Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

9. **Employees (continued)**

Social Housing Pension Scheme (continued)

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	%
Valuation discount rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

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

The valuation was carried out using the following demographic assumptions:

Mortality pre retirement – PA92 Year of birth, long cohert projection, minimum improvement 1% pa

Mortality post retirement – 90% S1PA Year of birth, long cohort projection, minimum improvement 1% pa

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

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

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

9. Employees (continued)

Social Housing Pension Scheme (continued)

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

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.

As a result of the new pension scheme legislation there is a potential debt on the employer 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.

9. Employees (continued)

Social Housing Pension Scheme (continued)

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Group (Regenda Ltd) has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the scheme as at 30 September 2008. As at this date the estimated employer debt of the Group was £32.1 million.

Lancashire County Council Pension Fund

The Lancashire County Council Pension Fund (LCCPF) is a multi-employer fund, administered by Lancashire County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

The date of the last full actuarial valuation was 31 March 2007. The pension cost charged has been assessed in accordance with the advice of a qualified actuary, using the Projected Unit method of valuation in a review of the scheme as at 31 March 2009. The employers' contributions to the LCCPF by the association for the year ended 31 March 2009 were £115,322 (2008 £101,605) at a contribution rate of 42%. The employers' contribution rate for the year ended 31 March 2010 is 48%.

Financial Assumptions

In calculating the scheme assets and liabilities, the funds actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of the expected outcomes but it is possible that actual outcomes will differ from those indicated in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

The main financial assumptions were as follows:

(% per annum)	**2009**	**2008**	**2007**
Inflation assumption	3.30%	3.60%	3.10%
Rate of increase in salaries	5.05%	5.35%	4.85%
Rate of increase in pensions	3.30%	3.60%	3.10%
Discount rate	7.10%	6.10%	5.40%

9. Employees (continued)

Lancashire County Council Pension Fund (continued)

Expected return on assets

Equities	7.80%	7.50%	7.50%
Government bonds	4.00%	4.60%	4.70%
Other bonds	6.00%	6.10%	5.40%
Property	6.50%	6.50%	6.50%
Cash	0.50%	5.25%	5.25%

Mortality assumptions

The post-retirement mortality assumptions used to value the benefit obligation at March 2008 and March 2009 are based on the PA92 series projected to calendar year 2018 for pensioners and 2034 for non-pensioners.

Within the past three years, investigations have been carried out by the scheme actuaries into the mortality experience of the association's scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2009	2008
	No.of Years	No.of Years
Retiring today:		
Males	21.2	21.1
Females	24.0	24.0
Retiring in 20 years		
Males	22.2	22.2
Females	25.0	25.0

Amounts recognised in the balance sheet:	2009	2008
	£'000	£'000
Present value of funded obligations	(5,365)	(6,350)
Fair value of plan assets	3,522	4,457
Net liability	(1,843)	(1,893)

Analysis of the amount charged to the income and expenditure account:

	2009	2008
	£'000	£'000
Current service costs	55	46
Expected return on pension scheme assets	(297)	(302)
Interest on pension scheme liabilities	385	328
Total Operating charge	143	72

£55k (2008:£46k) was charged to the operating surplus and £88k (2008: £26k) was charged to other finance costs.

9. Employees (continued)

Lancashire County Council Pension Fund (continued)

Changes in present value of defined obligation:	2009	2008
	£'000	£'000
Opening defined benefit obligation	(6,350)	(6,115)
Current service cost	(55)	(46)
Interest cost	(385)	(328)
Past Service Costs	-	(30)
Member Contributions	(21)	(17)
Actuarial gains / (losses)	1,295	39
Benefits paid	151	147
Closing defined benefit obligation	(5,365)	(6,350)

Changes in present value of assets obligation:	2009	2008
	£'000	£'000
Opening fair value of employer assets	4,457	4,611
Expected return on plan assets	297	302
Actuarial gains / (losses)	(1,218)	(426)
Employer contributions	116	102
Members contributions	21	16
Benefits paid	(151)	(148)
	3,522	4,457

Major Catergories of plan assets as a percentage of total plan assets:

	2009	2008
Equities	61%	62%
Bonds	20%	22%
Property	7%	6%
Cash & Other	12%	10%

Analysis of amount recognised in the Statement of Total Recognised Gains and Losses

	2009	2008
	£'000	£'000
Actuarial gains / (losses)	77	(388)
Cumulative actuarial gains and (losses)	(568)	(645)

Actual return on plan assets:	2009	2008
	£'000	£'000
Actual return on plan assets	(913)	(67)

9. Employees (continued)

Lancashire County Council Pension Fund (continued)

Amounts for the current and previous four periods are as follows:

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(5,365)	(6,350)	(6,115)	(6,224)	(5,259)
Fair value of scheme assets	3,522	4,457	4,611	4,394	3,441
Surplus / deficit on scheme	(1,843)	(1,893)	(1,504)	(1,830)	(1,818)

10. Board members and executive directors

	2009	2008
Board Members	£000	£000
Aggregate board members' remuneration		
Emoluments	54	60
Highest paid board member		
Emoluments, excluding pension contributions	10	8
Executive Directors		
Aggregate executive directors' remuneration		
Emoluments	606	594
Highest paid executive director		
Emoluments, excluding pension contributions	148	147

The executive directors are employed on the same terms as other staff. The executive directors are members of either the Social Housing Pension Scheme or the Lancashire County Council Pension Fund, both defined benefit final salary pension schemes. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees.

11. Tax on surplus on ordinary activities

	Group		Company	
	2009	2008 Restated	2009	2008
	£000	£000	£000	£000
Current tax				
United Kingdom corporation tax on surplus	566	176	-	-
Adjustments in respect of prior years	(16)	(24)	-	(14)
	550	152	-	(14)
Deferred taxation				
Net origination of timing differences	(3)	165	60	16
	547	317	60	2

11. Tax on surplus on ordinary activities (continued)

Current tax reconciliation

	Group		Company	
	2009	2008 Restated	2009	2008
	£000	£000	£000	£000
Surplus for the period before taxation	600	612	197	26
Theoretical tax at UK Corporation Tax rate 28% (2008 30%)	168	184	55	8
Expenses not deductible for tax purposes	468	430	5	9
Accelerated capital allowances	(34)	(127)	12	(91)
Utilisation of losses	(72)	(304)	(72)	-
Losses	1	97	-	81
SORP adjustment	-	102	-	-
Capitalised interest	(25)	-	-	-
Income not chargeable to corporation tax	-	(4)	-	-
Short term timing differences	(14)	6	-	(7)
Difference in corporation tax rates	-	(8)	-	(14)
Charitable Association (profits) / losses	(33)	(254)	-	-
Adjustments in respect of capital gains	107	54	-	-
Adjustments in respect of prior years	(16)	(24)	-	-
Corporation tax charge	550	152	-	(14)

Deferred Tax

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Accelerated capital allowances	276	364	174	186
Short term timing differences	(99)	(184)	-	-
Losses	(83)	(83)	(100)	(172)
	94	97	74	14

	Group	Company
	£000	£000
Balance at 1 April 2008	97	14
Amount charged to income and expenditure account	(3)	60
Balance at 31 March 2009	94	74

12. Tangible fixed assets - housing and commercial properties

Group

	Social housing properties Held for letting		Low cost home ownership		Total	Non social housing		Total	Total
	Completed	Under Construction	Completed	Under Construction	Housing Properties	Completed	Under Construction	Commercial Properties	All Properties
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Property cost									
At 1 April 2008 restated	356,188	1,964	37,106	2,020	397,278	3,558	-	3,558	400,836
Schemes completed	11,280	(10,912)	-	-	368	-	-	-	368
Additions - works to existing properties	795	13,841	340	2,192	17,168	-	-	-	17,168
Additions - properties purchased	418	-	147	-	565	-	-	-	565
Disposals	(1,103)	-	(178)	-	(1,281)	(145)	-	(145)	(1,426)
Change of tenure	2,640	4,979	(2,640)	(4,979)	-	-	-	-	-
Transfer from current assets	3,502	-	429	1,645	5,576	-	-	-	5,576
Cost at 31 March 2009	373,720	9,872	35,204	878	419,674	3,413	-	3,413	423,087
Social Housing Grant									
At 1 April 2008 restated	213,333	529	23,659	486	238,007	251	-	251	238,258
Schemes completed in the year	4,284	(4,284)	-	-	-	-	-	-	-
Additions	(221)	8,696	-	434	8,909	-	-	-	8,909
Additions - properties purchased	239	-	-	-	239	-	-	-	239
Disposals	(952)	-	(57)	-	(1,009)	-	-	-	(1,009)
Change of tenure	1,079	550	(1,079)	(550)	-	-	-	-	-
SHG at 31 March 2009	217,762	5,491	22,523	370	246,146	251	-	251	246,397
Depreciation & impairment									
At 1 April 2008 restated	8,801	-	558	-	9,359	240	-	240	9,599
Charge for the year - depreciation	1,434	-	92	-	1,526	21	-	21	1,547
Eliminated in respect of disposals	(40)	-	(31)	-	(71)	(145)	-	(145)	(216)
Historic cost depreciation at 31 March 2009	10,195	-	619	-	10,814	116	-	116	10,930
Net book value at 31 March 2009	145,763	4,381	12,062	508	162,714	3,046	-	3,046	165,760
Net book value at 31 March 2008	134,054	1,435	12,889	1,534	149,912	3,067	-	3,067	152,979

12. Tangible fixed assets – Properties (continued)

The change of tenure relates to the conversion of 118 units initially built for low cost home ownership, to rent or intermediate rented units. The conversions took place in Maritime Housing Association (51 units), Templar Housing Association (36 units), and West Pennine Housing Association (31units).

The conversion of the 118 units has also led to a significant transfer from current assets, as all these properties were carrying a stock value, as per the SORP 2008.

On 31 March 2009 Wyre Housing Association transferred its shared ownership and market rented stock to Maritime Housing Association as part of the Group's governance review.

	Group	
	2009	2008 Restated
	£000	£000
Expenditure to works on existing properties		
Amounts capitalised	795	310
Amounts charged to the income and expenditure account	2,413	2,902
	3,208	3,212
Social housing grant		
Total accumulated SHG receivable at 31 March was :		
Capital Grants	246,397	238,258
Revenue grants	192	192
	246,589	238,450
Housing and non-social housing properties net book value		
Freehold land and buildings	139,787	127,782
Long leasehold land and buildings	25,503	24,711
Short leasehold land and buildings	470	486
	165,760	152,979

13. Tangible fixed assets - other

	Group					
	Freehold/ Leasehold Premises	Motor Vehicles	Computer costs	Fixtures & fittings	Scheme Assets	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2008 - (net of grant receipts) *	2,054	205	2,824	1,701	106	6,890
Additions	-	38	280	231	19	548
Disposals	(113)	(11)	(72)	(285)	-	(481)
Transfer from property fixed assets	-	(30)	-	-	-	(30)
At 31 March 2009	1,941	202	3,012	1,647	125	6,927
Depreciation						
At 1 April 2008	226	136	1,007	404	96	1,869
Charge for the year	21	47	423	134	4	629
Eliminated in respect of disposals	(113)	(20)	(72)	(285)	-	(490)
Depreciation at 31 March 2009	134	163	1,358	253	100	2,008
Net book value at 31 March 2009	1,807	39	1,654	1,394	25	4,919
Net book value at 31 March 2008	1,828	69	1,817	1,297	10	5,021

*The cost of freehold / leasehold offices is reflected net of grant receipts (£2.2 million).

	Company			
	Motor Vehicles	Computer costs	Fixtures & fittings	Total
	£000	£000	£000	£000
Cost				
At 1 April 2008	-	2,657	895	3,552
Additions	22	259	-	281
At 31 March 2009	22	2,916	895	3,833
Depreciation				
At 1 April 2008	-	853	73	926
Charge for the year	10	414	58	482
At 31 March 2009	10	1,267	131	1,408
Net book value at 31 March 2009	12	1,649	764	2,425
Net book value at 31 March 2008	-	1,804	822	2,626

14. Investment in Subsidiaries

As required by statute, the financial statements consolidate the results of Maritime Housing Association Ltd, Templar Housing Association Ltd, West Pennine Housing Association Ltd and Wyre Housing Association Ltd, which were subsidiaries of Regenda Limited at the end of the year. Each of the subsidiaries are Registered Social Landlords and Regenda Limited is the ultimate parent undertaking by virtue of control.

15. Properties for sale

	Group	
	2009	2008 Restated
	£000	£000
Shared Ownership properties	3,271	9,511
Properties under construction	441	2,719
Offices held for outright sale	-	2,638
Properties held for outright sale	2,179	1,910
	5,891	16,778

16. Debtors

	Group		Company	
	2009	2008 Restated	2009	2008
Amounts falling due within one year	£000	£000	£000	£000
Rent and service charges receivable	2,623	2,709	-	-
Less provision for bad and doubful debts	(1,209)	(1,273)	-	-
Net rent arrears	1,414	1,436	-	-
Grants and sales proceeds receivable	529	2,459	-	-
Amounts owed by group undertakings	-	-	11,515	10,544
Other debtors	441	533	39	14
Prepayments and accrued income	1,080	1,540	256	271
Deferred Tax	48	124	-	1
	3,512	6,092	11,810	10,830
Amounts falling due after more than one year				
Intra-group syndicated loans (note 19)	-	-	116,504	56,504
	3,512	6,092	128,314	67,334

17. Current asset investments

	Group		Company	
	2009	2008	2009	2008
Bank deposits	£000	£000	£000	£000
Money market deposits	1,116	1,255	-	-

18. Creditors

	Group 2009	Group 2008 Restated	Company 2009	Company 2008
Amounts falling due within one year	£000	£000	£000	£000
Debt (note 19)	2,446	3,740	-	-
Bank overdraft (note 19)	43	41	-	-
Trade creditors	2,660	2,501	205	266
Rent and service charges received in advance	1,227	1,245	-	-
Social Housing Grant received in advance	1,311	886	-	-
Amounts owed to group undertakings	-	-	13,149	12,438
Recycled capital grant fund (note 20)	1,126	561	-	-
Disposal proceeds fund (note 21)	190	569	-	-
Corporation tax	530	133	-	-
Deferred Tax	142	221	75	14
Other taxation and social security	438	352	236	251
Other creditors	450	1,071	-	-
Accruals and deferred income	4,810	6,346	1,458	1,146
Leaseholders funds	1,298	1,293	-	-
	16,671	18,959	15,123	14,115

Social Housing grant and other grants received in advance will be utilised against capital expenditure in 2009/10. At 31 March 2009 Maritime had a short term loan totalling £9.6m (2008: £9.8m) and Templar had short term borrowing of £2.5m (2008: £1.9m) from West Pennine and Wyre administered through the Group parent Regenda Limited. Regenda Limited had a short term loan totalling £0.1m (2008: £0.3m) from West Pennine. The Group debt of £2.3m (2008: £3.7m), falling due within one year, will be replaced by loans from the existing Group wide syndicated loan facility. At 31 March 2009 the Group had undrawn loan facilities of £33.5 m (2008: £47.5m). Further details of the loan facility are included in note 19.

	Group 2009	Group 2008 Restated	Company 2009	Company 2008
Amounts falling due after more than one year	£000	£000	£000	£000
Recycled capital grant fund (note 20)	1,772	3,515	-	-
Disposal proceeds fund (note 21)	805	880	-	-
Deferred income - premium on debenture issue	405	441	-	-
Other creditors	16	25	-	-
Debt (note 19)	138,296	135,822	67,481	55,850
	141,294	140,683	67,481	55,850

19. Debt Analysis

	Group		Company	
	2009	2008	2009	2008
Due within one year	£000	£000	£000	£000
Bank loans (note 18)	2,489	3,781	-	-

	Group		Company	
	2009	2008	2009	2008
Due after more than one year	£000	£000	£000	£000
Bank loans (note 18)	138,296	135,822	67,481	55,850

	Group		Regenda Ltd	
	2009	2008	2009	2008
	£000	£000	£000	£000
In one year or less (note 18)	2,489	3,781	-	-
Between one and two years	485	800	-	-
Between two and five years	9,550	11,452	-	-
In five years or more	120,761	116,070	67,481	55,850
	133,285	132,103	67,481	55,850
HACO 10.625% Sterling debenture repayable 2017	7,500	7,500	-	-
	140,785	139,603	67,481	55,850

The loans (other than the HACO debenture) are repayable by instalments due up to 40 years, and are at fixed and variable interest rates between 1.96% and 11.55%. The balance within Regenda Limited represents parent indebtedness (net of capitalised loan set-up costs of £1m) under the Group wide syndicated loan facility. This loan funding has been on-lent to the subsidiaries at terms that match the principal agreement. The bank loans shown above, as repayable in less than 5 years, will be replaced with similar loans out of the existing facilities available. At 31 March 2009 the Group had undrawn loan facilities of £33.5 m (2008: £47.5m).

A new Group loan facility has been put in place during the year and replaces a previous agreement with Wyre Housing Association. This provides an equivalent amount of funding (£70m) for the whole Group on more favourable terms.

The Group uses it housing properties as security for all its existing loan facilities.

20. Recycled capital grant fund

	Group		Company	
	2009	2008 Restated	2009	2008
	£000	£000	£000	£000
At 1 April	4,076	3,760	-	-
Grants recycled	341	1,123	-	-
Interest accrued	111	186	-	-
Major repairs and works to existing stock	(165)	(747)	-	-
Purchase/development of properties	(1,465)	(246)	-	-
Balance at 31 March	2,898	4,076	-	-

21. Disposals proceeds fund

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
At 1 April	1,449	1,543	-	-
Net sale proceeds recycled	1,013	120	-	-
Interest accrued	62	74	-	-
Acquisition of dwellings for letting	(1,529)	(288)	-	-
Balance at 31 March	995	1,449	-	-

22. Non-equity share capital

Allotted, issued and fully paid shares at £1 each :	Company	
	2009	2008
	Number	Number
At 1 April 2008	10	9
Issued during the year	-	2
Surrendered during the year	(5)	(1)
At 31 March 2009	5	10

The shares provide members with the right to vote at general meetings, but do not provide any right to dividends or distribution on winding up.

23. Movement on reserves

	Group			
	Designated Reserves	Restricted Reserves	Revenue Reserve	Total
	£000	£000	£000	£000
At 1 April 2008 as previously stated	2,806	419	20,238	23,463
Prior year adjustments (note 30) :	-	-	729	729
	2,806	419	20,967	24,[illegible]2
Transfers (to) revenue reserves	(181)	(337)	(416)	(934)
Transfers from revenue reserves	-	423	511	934
	2,625	505	21,062	24,192
Surplus for the year	-	-	53	53
Actuarial gain relating to pension scheme	-	-	84	84
At 31 March 2009	2,625	505	21,199	24,329

	Company	
	Revenue Reserve	Total
	£000	£000
At 1 April 2008	16	16
	16	16
Surplus for the year	137	137
At 31 March 2009	153	153

24. Capital commitments

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	18,952	15,425	-	-
Capital expenditure that has been authorised but has not yet been contracted for	19,292	29,686	-	-
	38,244	45,111	-	-

Capital commitments include £16.5m of bids approved by the Homes and Communities Agency for the development of schemes from 2009-2011. Other commitments include £7m for the Servite Stock transfer, Liverpool; £3.3m for the development of Dale Mill, Rochdale; £3.4m for the development of South Windle Phases 1 & 2, St Helens; £2.3m for the development of Southwick Road, Wirral; £1.2m for the development of West Avenue, Crewe; £1.4m for capital improvements on Craven Paterson, Wirral; £927k for the development of Scholars Gate Phase 2, Wirral; £744k for the development of Ashton West End, Tameside; and £488k for the development of Langwood Phase 3, Fleetwood. Of the above £13.9m will be financed by Social Housing Grant with the balance financed through borrowings which are available for draw down under existing loan arrangements and the Group's reserves.

25. Reconciliation of operating surplus to net cash inflow from operating activities

Group	2009	2008 Restated
	£000	£000
Operating surplus	9,339	8,074
Depreciation of tangible fixed assets	2,176	1,799
Pensions operating charge (FRS 17)	88	76
Pension contributions paid (FRS 17)	(117)	(102)
	11,486	9,847
Working capital movements		
(Increase) in stock	(396)	(1,249)
Decrease in debtors	2,504	1,614
(Decrease) in creditors	(1,763)	(1,031)
Net cash inflow from operating activities	11,831	9,181

26. Reconciliation of net cash flow to movement in net debt

Group	2009	2008 Restated
	£000	£000
Decrease in cash	(672)	(59)
Cash flow from decrease in liquid resources	(139)	(148)
Cash flow from (increase) / decrease in debt	(1,509)	4,377
Loan set-up costs	370	-
Increase in net debt from cash flows	(1,950)	4,170
Net debt at 1 April	(134,787)	138,957
Net debt at 31 March	(136,737)	(134,787)

27. Analysis of net debt

Group	1 April 2008	Cash Flow	31 March 2009
	£000	£000	£000
Cash at bank and in hand	3,602	(670)	2,932
Bank overdraft	(41)	(2)	(43)
Changes in cash	3,561	(672)	2,889
Current asset investment	1,255	(139)	1,116
Loans	(139,603)	(1,139)	(140,742)
Changes in net debt	(134,787)	(1,950)	(136,737)

	2009	2008	2009	2008
Payments due in the year on agreements ending :	£000	£000	£000	£000
Land and Buildings :				
In one year or less	21	26	-	-
Between one and five years	34	107	-	-
	55	133	-	-
Office Equipment and fittings, computer hardware and software and motor vehicles				
In one year or less	38	39	38	38
Between one and five years	196	190	190	190
	234	229	228	228

29. Contingent Liabilities

The Group had no contingent liabilities at 31 March 2009 (2008: nil).

30. Prior year adjustment

Group

The prior year adjustment reflects the change in accounting for shared ownership first tranche sales in accordance with SORP 2008. The previous SORP recommended that first tranche sale proceeds should be credited against shared ownership housing properties classified as fixed assets.

The SORP 2008 treatment requires an appropriate proportion of development costs representing first tranche development to be accounted for as current assets and the related sale proceeds shown in turnover. The remaining proportion of property development costs are accounted for as fixed assets with any subsequent sale treated as a disposal of the fixed asset.

The effect of the change in accounting policy is a decrease in the Group's turnover for the year ending 31 March 2008 of £206k, a decrease in the cost of sales of £384k, a decrease in operating cost of £66k, and a decrease in the surplus on sales of £6k with a consequent increase in surplus before and after tax of £238k. The cumulative effect on reserves is an increase of £729k.

	Cumulative prior year adjustment to 31 March 2007	Prior year adjustment for 2007/08	Cumulative prior year adjustment to 31st March 2008
Group			
Shared ownership first tranche sales	£'000	£'000	£'000
Turnover - proceeds of first tranche sales	47,019	(206)	46,813
Cost of sales	(46,302)	384	(45,918)
Adjustment to depreciation	47	66	113
Staircasing adjustments	(273)	(6)	(279)
Surplus	491	238	729
Revenue reserves			
Revenue reserves as at 31 March as previously stated	19,138		20,238
Surplus on first tranche shared ownership sales	491	238	729
Revenue reserves at 31 March as restated	19,629		20,967

30. Prior year adjustment (continued)

The prior year adjustment to current asset balances for the Group for the year ended 31 March 2008 is an increase of £11,283k, being the transfer of the shared ownership first tranches proportion from fixed assets.

The impact of the adjustment on completed shared ownership properties within housing property balances is shown below:

	Cumulative prior year adjustment to 31 March 2007	Prior year adjustment for 2007/08	Cumulative prior year adjustment to 31st March 2008
Group			
Tangible fixed assets - properties	£'000	£'000	£'000
Cost			
At 31 March as previously stated	165,959		163,042
Accumulated first tranche supluses from prior years	491	238	729
SHG Recycled following initial tranche	393	81	474
SHG Paid in Advance	42	(25)	17
First tranche amounts held as current assets	(13,825)	2,542	(11,283)
At 31st March as restated	153,060		152,979

31. Related parties

The following are subsidiaries whose results have been incorporated into the consolidated accounts on the basis of common control.

Organisation	Status	Country of origin	Principal activity	Basis of control
Maritime Housing Association Limited	Industrial and Provident Society Act	England	Registered Social Landlord	Control over Board membership
Templar Housing Association Limited	Industrial and Provident Society Act	England	Registered Social Landlord	Control over Board membership
West Pennine Housing Association Limited	Industrial and Provident Society Act	England	Registered Social Landlord	Control over Board membership
Limehurst Village Trust	Industrial and Provident Society Act	England	Registered Social Landlord	Control over Board membership
Wyre Housing Association Limited	Industrial and Provident Society Act	England	Registered Social Landlord	Control over Board membership
Wyre Developments Limited	Companies Act	England	Developments Agent	Control over Board membership

Under Financial Reporting Standard 8 disclosure is not required of transactions within the Group as the results of the subsidiaries are included within these financial statements.

Limehurst Village Trust is a subsidiary of West Pennine Housing Association Limited. Wyre Developments Limited is a subsidiary of Wyre Housing Association Limited.

The subsidiary Boards have tenant members who hold tenancy agreements on normal terms and cannot use this position to their advantage.

32. Post Balance Sheet Events

Effective 1 April 2009, Wyre Housing Association became a charitable registered social landlord.

The transfer of Limehurst Village Trust's engagements to its parent West Pennine Housing Association was completed in April 2009. This transfer gives the Group a simpler structure without impacting the service delivered to its customers.

On 13 July 2009, Maritime Housing Association acquired 191 properties in central Liverpool from another housing association following a competitive tender process during 2008/09.