

REGISTERED INDUSTRIAL AND PROVIDENTIAL SOCIETY NUMBER: 30035R
REGISTERED BY THE HOUSING CORPORATION: L4462



Financial Statements

Green Vale Homes Limited

For the year ended 31 March 2008

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Association Information

Chair	Berenice Leyland
Vice Chair	Stephen Griffiths
Other Members	Brenda Riley Muriel Law John Challinor Sheila Lynch (Resigned 24. 9.07) Jack Dalton David Williams Andrew John Voss Cllr Duncan Ruddick (Resigned 14.12.07) Cllr Judith Driver Heather Massie (Appointed 24. 9.07) Heather Candlish (Appointed 24. 9.07)
Executive Director	Lynn Hurrell
Secretary	George Paterson
Association's registered office	Green Vale Court New Hall Hey Road Rawtenstall Rossendale BB4 6HR
Housing Corporation registered number	L4462
Registered number	30035R
Auditors	Grant Thornton UK LLP Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	National Westminster Bank plc Waterhouse Street Halifax
Solicitors	Pinsent Masons 3 Colmore Circus Birmingham, B4 6BH

Report of the Board

The Board of Management is pleased to present its report and the Association's audited financial statements for the year ended 31 March 2008.

Principal activities

Green Vale Homes Limited ("the Association" or "Green Vale Homes") is a charity registered under the Industrial & Provident Societies that was established in order to facilitate the transfer of houses from Rossendale Borough Council. The Association was registered as such on 11 January 2006 and began trading on 27 March 2006 following the formal transfer.

Green Vale Homes is a registered social landlord (RSL) whose principal activity during the year has been the provision of social housing in the Rossendale area. The Association is the biggest provider of affordable housing in Rossendale and as at the year end the association owned 3,718 properties. This includes 652 sheltered properties for elderly tenants, including an extra care scheme at Helmcroft Court.

Business review

Details of the performance for the year and future plans are set out in the Operating and Financial Review that follows this board report.

Housing property assets

Details of changes to fixed assets are shown in notes 12 and 13 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Reserves

After the transfer of the deficit for the year year-end negative reserves amounted to £9.1 million (2007: £5.1 million).

Donations

The association has made no political or charitable donations (2007: £nil).

Post balance sheet events

We consider that there have been no events since the year-end that have had a significant effect on the Association's financial position.

Payment of creditors

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

Financial instruments

The approach to financial risk management is outlined in the Operating and Financial Review.

Report of the Board (continued)

Board members and executive directors

The present board members and the executive directors are set out on page 3. The Board members are drawn from a wide background bringing together professional, commercial and local experience.

On 27 March 2006 Green Vale Homes was formed and became part of the Trans Pennine Housing Group.

The executive directors hold no interest in the Association's shares and act as executives within the authority delegated by the board.

The Association has insurance policies which indemnify its board members and executive directors and other senior members of staff against liability when acting for the Association.

Pensions

The executive director is a member of the West Yorkshire Pension Fund which is a defined benefit final salary pension scheme. The executive director participates in the scheme on the same terms as all staff and the association contributes to the schemes on behalf of its employees.

Employees

The strength of the Association lies in the quality and commitment of its employees. The Association's ability to meet its objectives and commitments to tenants in an efficient and effective manner depends on the contribution of employees throughout the organisation. During the year over £53,000 was spent externally on training and development for staff plus a detailed training programme of internal training was followed. Individual Action Plans continue to give staff the opportunity to discuss their personal and professional development needs.

We provide information on the Association's objectives, progress and activities through regular office and departmental meetings and informal bulletins. Our team brief for staff, has gone from strength to strength with a monthly production covering both serious and informal issues. Our Employees Forum of elected staff representatives meet every two months and staff involvement has included consultation on a wide range of employee related issues, including commitment to an award winning Health Pledge scheme.

The Association is committed to equal opportunities for all its employees and in particular supports the employment of people with disabilities, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Association. We have been awarded the employment service accreditation 'positive about disabled people' two ticks award, and we have strengthened our Equal Opportunities work through the creation of a number of new forums involving our customers in relation to black minority ethnic, disabilities and gender issues – overseen by our Equalities Monitoring Group.

Health and Safety

The board is aware of its responsibilities on all matters relating to health and safety. The Association has prepared detailed health and safety policies and provides staff training and education on health and safety matters. Our Health and Safety Committee meets every two months and involves staff representatives across the association, including Technical, Grounds Maintenance and Sheltered Services staff.

Report of the Board (continued)

NHF Code of Governance

We are pleased to report that the Association complies with the principal recommendations of the NHF Code of Governance. The ways in which we seek to achieve good governance are outlined below.

The Board

The board comprises up to 12 non-executive members and is responsible for the strategic direction of the Association. The board meets six times a year formally for regular business and also holds separate sessions to discuss strategy and undertake Board training. During the year the Board had one committee, Audit. The remuneration committee is group wide, with the chair of Green Vale Homes attending.

The Board is responsible for the Association's Strategy and Policy Framework. Day to day management and implementation of that framework is delegated to the Executive Director and other Senior Managers who meet weekly and attend board and committee meetings.

Green Vale Homes has two places on the board of Trans-Pennine Housing Limited. One is elected directly from the Board, the second appointed by the Board as an independent member.

Committees

The Audit Committee comprises four board members and meets at least three times a year. It considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the board on the effectiveness of the Association's internal financial control arrangements.

The Board is responsible for the Company's Strategy and Policy Framework. Day to day management and implementation of that framework is delegated to the chief executive and other executive directors who meet weekly and attend board and committee meetings.

Green Vale homes has two places on the Trans Pennine Housing Group board. One is elected directly from the Board (Stephen Griffiths), and another (Jon Pearson) appointed by the Board although Jon Pearson does not sit on the Green Vale Board.

The Remuneration Committee is a joint Committee involving the Chair of Pennine Housing 2000, the Chair of Green Vale Homes, and the Trans Pennine Board Members. It meets as and when required, and considers the pay and conditions for the Chief Executive and Directors. This includes a detailed appraisal of the performance of the Chief Executive by the Group Chair, and these two then appraise the Director of Corporate Services. The Executive Directors are appraised by the Chief Executive and their respective Chairs (i.e. Green Vale Homes Executive Director is appraised by the Chair of Green Vale Housing). The appraisals are assessed against a set of criteria devised to ensure the Company is performing soundly.

The Board and its committees obtain external specialist advice from time to time as necessary, such as in relation to Treasury Management and Internal and External Audit services and specialist tax and legal advice.

Tenant involvement

Green Vale Homes places great importance on maximising tenant involvement. Tenants are given every opportunity to be involved in the strategic and operational decision making process, via formal structures (tenant associations), event/issue based mechanisms (estate planning/best value/policy reviews/focus groups) and informal meetings (sheltered scheme coffee mornings etc.).

Report of the Board (continued)

Complaints

Monitoring Complaints and Compliments and "learning lessons" where appropriate is another key area where we attempt to ensure that tenants receive fair and high standards of service.

We aim to continually improve service provision in all areas of operation and where appropriate learn from the cause and outcome of customers' complaints, comments and compliments. Lessons learnt are shared with the relevant service head discussed at team meetings, included in Team Briefs and reported to the Board to ensure that services are improved and good practice is shared across the organisation.

During the year to 31 March 2008 we received 34 official complaints (2007: 62) of which 33 (2007: 60) were resolved at the first stage of our official complaints procedure. We also received 56 (2007: 58) compliments.

Satisfaction with the repairs service is reported within the official complaints procedure, it is worth noting that in the year 2007/08 563 compliments (2007: 85) and 122 complaints (2007: 31) were received.

Internal Controls Assurance

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

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within day to day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with the principles outlined in the Housing Corporation circular 07/07 which replaces circular R2-25/01 Internal controls assurance.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the period commencing 1 April 2007 up to the date of approval of the annual report and financial statements. The Audit Committee receives and considers reports from management on these risk management and control arrangements during the year. The Risk Map is reviewed as an ongoing exercise. Risk is being considered across the new group, but there is a specific Risk Map for the Association.

The arrangements adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

Identifying and evaluating key risks

The Association's risk management strategy, setting out the board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The executive directors regularly consider reports on these risks and the Chief Executive is responsible for reporting to the board any significant changes affecting key risks.

Control environment and internal controls

The processes to identify and manage the key risks to which the Association is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of executive directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection, and environmental performance.

Report of the Board (continued)

Internal Controls Assurance (continued)

Information and reporting systems

Financial reporting procedures include budgets for the year ahead and forecasts for subsequent years. These are monitored, reviewed and approved by the board. The Board regularly receive reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. It is supplemented by regular reviews by internal audit who provide independent assurance to the Board, via its Audit Committee. The arrangements include a rigorous procedure, monitored by the Audit committee, for ensuring that corrective action is taken in relation to any significant control issues. The Association has implemented a programme of control risk self-assessment and has gradually cascaded this to all levels of the organisation.

Statement of the responsibilities of the board for the annual 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.

The Industrial and Provident Societies Acts 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 association at the end of the year and of the surplus or deficit of the association 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
- Followed applicable United Kingdom accounting standards and the Statement of Recommended Practice: “Accounting by registered social landlords” (Update 2005), 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 Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2007. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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” (Update 2005).

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.

Report of the Board (continued)

Going concern

After making enquiries the board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. 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 22nd September 2008.

Disclosure of information to auditors

At the date of making this report each of the Association's board members, as set out on page 3, confirm the following:

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

External Auditors

Green Vale Homes Limited has delegated the responsibility for appointing external auditors to Trans-Pennine Housing Limited and as such a resolution to re-appoint Grant Thornton UK LLP as external auditors, will be proposed at the forthcoming annual general meeting.

The report of the board was approved by the board on the 26 August 2008 and signed on its behalf by:

Berenice Leyland
Chair

Stephen Griffiths
Vice Chair

Operating and Financial Review

Background

Activities

Green Vale Homes Limited is a registered social landlord following a Large Scale Voluntary Transfer from Rossendale Borough Council in March 2006.

Following a positive ballot by tenants the housing stock held by Rossendale Borough Council was successfully transferred to Green Vale Homes on the 27th March 2006. On the 27th March 2006 Green Vale Homes and Pennine Housing 2000 Ltd merged with Trans-Pennine Housing Limited to form the Trans-Pennine Housing Group.

The head office of Green Vale Homes is in Rossendale and its properties based within the Rossendale Council boundaries.

The Association is charitable and operates the following business streams:

- General Needs housing for rent for those who are unable to rent or buy at open market rates.
- Supported housing and care for people who need additional housing-related support or additional care.

During the year the Association has completed the first of its new developments of 26 rented properties at Staghills and is commencing a 42 unit extra care scheme in Whitworth.

The Association has managed in the region of 3,750 properties during the year and undertaken the second year of a major investment programme. The investment programme involves expenditure of £45 million over the course of 5 years in order to meet the promises made to tenants on transfer of the properties from the council.

Performance and Strategy

We have a number of high level objectives which we set out to achieve by April 2008 in order to help fulfil our Core Strategies. These objectives and the progress made during the year are set out below:-

Corporate Objective	Objective	Progress
Customer Focus The 12 Commitments	Delivery of the five year Improvement Plan	Second year delivered successfully
	Appoint an Occupational Therapist and deliver £250,000 budget on aids and adaptations	Achieved successfully and performance on adaptations going well
	Deliver the Staghills Road development on time and within	Scheme completed August 2007 and within budget
Performance The Improvement Journey	Preparing for and maximising the best possible outcome at inspection	Inspection to take place in October 2008 and lots of work has taken place through a number of dedicated Inspection working groups, reviewing KLOEs and monitoring performance
	Service Review of Tenant Participation and involvement	Review completed successfully, new worker appointed, and tenants very satisfied with service

Operating and Financial Review (continued)

Performance and Strategy (continued)

Corporate Objective	Objective	Progress
Culture Creating the Green Vale Culture	Develop Customer Care Standards and monitoring system	Standards Approved by Board and we also have a number of Customer Care Champs appointed
	Develop and Implement an Equality and Diversity Strategy and Action Plan	The Strategy has been implemented and updated during 2007/08 and we are working on an integrated Group Strategy

The Association's achievements for 2007/8 are detailed in the Annual Report, which can be obtained from the Company Secretary at the registered address. Notable achievements include:

- The successful delivery of the first two years of the improvement programme with high levels of customer satisfaction.
- Signing up to the Governments Respect Standard and continuing to meet our commitment to deal effectively with Anti Social Behaviour.
- Launch of comprehensive customer care standards based on our customers' views.
- A successful allocation of funding from the Housing Corporation for 42 homes to be built in 2008-10, through the Synergy Partnership.
- Continued excellent performance across all core services.

External influences

Government policies are aimed at significantly increasing housing supply by widening the availability of social housing grant to the private sector; extending opportunities for people to buy their homes; and consulting on changes to the planning and taxation systems to help finance the new developments.

In addition, the quality of affordable housing remains a key focus for a government that has committed to delivering decent homes for all social housing tenants by 2010. Housing associations are also expected to contribute to the efficiency targets, for the social housing sector, set following the Gershon review and we are therefore faced with the challenging objectives of improving efficiency and quality of services.

The company is working towards the Governments agenda of rent restructuring in order to meet target rents by 2011/2012.

Objectives and strategy

The Association's objectives and strategy are set out in its annual business plan, which is reviewed and approved by the board each year, included within the business plan is the **corporate framework** of the association which is as follows:

Vision

"Making a Difference to People, Homes and Communities".

Operating and Financial Review (continued)

Values

Green Vale Homes will:

- Be open and honest.
- Be fair and accountable.
- Be innovative.
- Value Diversity and treat everyone with respect.
- Only make promises we can keep.
- Be community and Customer Driven.

Core Strategies

- **People** – we will involve our customers at every opportunity, working together to develop the excellent services that they desire.
- **Homes** – we will have a positive culture, with committed, accountable and valued staff who will deliver services that are attractive to both existing and new customers.
- **Communities** – we will drive continual improvements in performance through innovation, challenge and learning from others to ensure we have a strong, vibrant and financially healthy business.

Other Messages

Trans Pennine Group companies are employers and partners of choice.

Performance and Strategy

We have a number of high level objectives which we set out to achieve by April 2009 in order to help fulfil our Core Strategies. These objectives and the progress made during the year are set out below.

Core Strategy	Objective	Purpose
People	Review of Older Peoples Services	To improve the way that we currently deliver the sheltered housing and Careline services. Provide the basis for a medium and long term vision for older people's services.
	Equality and Diversity Strategy	Implement the Equality and Diversity Strategy
Homes	Environmental Improvement Programme	Consult with tenants on the details and priorities of investment in environmental improvements.
	Affordable Housing Five Year Programme	Develop a five year land and development programme
Communities	Tenant and Resident Involvement	To implement the Resident Involvement Statement Commitments
	Neighbourhood Management and Community Planning	Create a framework for engaging with neighbourhoods and smaller communities.
	Litter / Cleaner Estates	Develop initiatives that tackle litter and general cleanliness of Green Vale Homes communities
Organisational Investment	Business IT System implementation (MIS and CBL)	Replace existing IT business systems with products that will support the delivery of more responsive, efficient and effective services to customers

Operating and Financial Review (continued)

Performance Indicators Repairs

Performance on Responsive Repairs during 2007/8 has delivered excellent levels of service to customers.

In terms of a breakdown of repairs performance against the standard RSR definitions the following performance was recorded in 2007/8.

Type	Repairs Notified		Target		Repairs completed within target as a % of repairs notified	
	2008	2007	2008	2007	2008	2007
Emergencies	1,372	1,730	98%	98%	99.2%	99.9%
Urgent	4,143	5,176	98%	98%	98.1%	99.3%
Routine	6,748	6,638	90%	90%	92.3%	88.3%

Rent Performance

Performance in relation to rent arrears and rent collection has continued to improve from a very strong position in our first year. We are very effective in terms of cost.

Stock Investment

Our performance on Decent Homes has significantly improved during the year with 478 tenant homes improved to the Rossendale Standard which far exceeds the national Decent Homes standard. This has been a massive achievement by Green Vale Homes and our partners in meeting the promises of our tenants, and we look forward to improving the rest of the 1,724 homes currently non-decent.

Gap Funding

Gap funding was originally agreed at a level of around £17.67 million payable over 72 equal monthly instalments (subject to performance). This has now changed and gap funding for 2007/08 was paid quarterly in arrears. It was agreed with the Department of Communities and Local Government that Green Vale would receive £1.5 million of the gap funding entitlement for 2008/09 in 2007/08. This payment was received in May 2008 and has been included as a debtor due from Department of Communities and Local Government.

Treasury Management

At the start of the Business 27 March 2006 we appointed Weedon Grant (now Sector Weedon Grant). The Board have received reports on treasury management issues from our advisors.

Green Vale Homes, selected Barclays as their funding provider following an open market exercise and good working relationships have been established.

Operating and Financial Review (continued)

Finance

In order to meet the business plan in future years the association has:-

- Continued to review employee and associated costs, by investigating the savings potential of groups services, particularly with regards to the Finance, HR and IT.
- Introduced a rent plan in order to achieve the government's rent restructuring requirement by 2011/2012.
- Developed a procurement strategy that has delivered savings in areas like fuel and telephone costs.
- Secured a further £10 million pounds of funding from Barclays in order to continue with our programme of development.

Development

The Association spent £390,351 (2007: £1.23 million) on development during the year which included work on schemes for an additional 20 properties at Staghills and in developing a bid for funding to the Housing Corporation.

Asset management

We have developed a detailed programme for the next 3 years' investment work to build on the significant advances that we have made in the first two years. This has been through an extensive tenant consultation exercise.

Customer service

Green Vale Homes places great importance on providing a first class service to tenants and maximising tenant involvement.

Tenants are involved in a series of ways, ranging from overall involvement of the Tenants Forum to regular Tenants Association meetings held between tenant representatives and officers. We have undertaken a review of Tenant Involvement and produced a Resident Involvement Statement. Half of the Board of Green Vale Homes are tenant representatives.

We have continued negotiations with the Bacup and Stacksteads Tenant Management Organisation ("TMO"). Regrettably these negotiations have not concluded in a Management Agreement as the TMO have chosen not to accept the parameter required by the Board. Mediation has been arranged.

Operating and Financial Review (continued)

Customer service (continued)

The last status survey required by the Housing Corporation was completed in June 2007. As part of this survey the National Housing Federation independently benchmarked Green Vale Homes against nine comparable organisations. Key positive findings include:

- 81% of tenants said it was 'easy' to get hold of the right person. Putting us second out of ten.
- 90% of tenants thought staff were helpful putting us joint first.
- 86% thought staff were able to deal with their problem which was the top position.
- 75% were satisfied with the final outcome of their last contact which was joint first position.
- Repairs measures were significantly above average for all measures, particularly with regard to the time taken before work started, the speed at which work is completed and the overall quality of work.

The conclusion of the independent company that undertook the survey and evaluated the result was that there had been significant improvements since the last survey; "Overall Green Vale Homes has achieved improvement across virtually all areas of the survey since 2004". Internal measures of satisfaction also show we are meeting customers' expectations.

Service Area	2006/07			2007/08			Change in satisfaction level
	No. Complaints	No. Compliments	Satisfaction rating	No. Complaints	No. Compliments	Satisfaction rating	
Housing Options Team	12	2	7.7	2	6	8	+ 3.9%
Helping Hand Service	4	42	9.7	1	40	9.9	+ 2.1%
Repairs & Maintenance/ Gas Servicing	81	140	9	122	563	9.4	+ 4.4%
Occupational Therapist	0	17	10	0	19	10	-

Future Structure of the Group

It has been agreed with both the Pennine and Green Vale Boards that we will (Autumn 2008) start working towards a revised structure for the Group with a view to implementing the structure from April 2009. The new structure will see the present Executive Director for Pennine, Amanda Garrard, taking responsibility for Housing Management across the group and the present Executive Director for Green Vale, Lynn Hurrell taking responsibility for Asset Management across the Group with Development remaining across the Group and in partnership with the Synergy development partnership.

Performance

We monitor our performance against business plan targets and report them quarterly to the Board.

Operating and Financial Review (continued)

Risks and uncertainties

The Board has identified the following major risks:

1. IT systems, support arrangements and related business continuity.
2. Meeting customers and staff expectations post transfer.
3. Lack of Business continuity plans or arrangements.
4. Potential replacement of tenant Board members because of possible recruitment difficulties.
5. Managing news and communication internally and externally.
6. Establishing Health and Safety Services in the new association.
7. Lack of skills and experience to meet new opportunities and ways of working.
8. Perceptions from staff that there are time and capacity issues as changes are introduced.

The current risk map is due to be reviewed by the Board in August 2008.

Financial position

The financial position is shown in summary in the Company Highlights which shows that the deficit for the year transferred to reserves was £1.67 million.

Cash Flow

Loans increased by £5 million during the year and cash at bank and in hand reduced by 0.450 million. The net cash outflow (before financing) of £5.45 million was made up as follows:-

Cash Outflow on operating activities	£5.25 million
Net Interest outflow	£0.63 million
Capital Expenditure inflow (net of grants/income)	£0.42 million

Accounting policies

The Association's principal accounting policies are set out on pages 24 to 27 of the financial statements.

Housing properties

At 31 March 2008 the association owned 3,718 housing properties (2007: 3,733). The properties transferred to Green Vale Homes from Rossendale Borough Council at no cost. The board appointed professional valuer's to value the housing properties as at 31 March 2008 and at that date the value of the properties, on an existing use for social housing basis, was £16.5 million (net book value £2 million).

Our investment in housing properties this year was funded through a mixture of loan finance, social housing grant, right to buy receipts and gap funding.

Operating and Financial Review (continued)

Pension costs

The association participates in one pension scheme, the West Yorkshire Pension Fund which is a final salary schemes offering good benefits for our staff. The association has contributed to the schemes in accordance with contribution rate set by the actuary of 15 %. This rate is currently 15 % .

The staff which transferred to Green Vale Homes under TUPE arrangements were previously employed by Rossendale Council who participated in the Lancashire Pension Scheme. These staff had 12 months from the transfer date to elect either to leave their previous pension assets with the Lancashire scheme or transfer the assets to the West Yorkshire Scheme. At the end of the 12 month period all but one of the staff had elected to transfer their pension assets.

The next actuarial valuation of the scheme is due at 31 March 2010, however it is anticipated that before then the pension funds for Green Vale Homes and Pennine Housing 2000 Limited will be brought together as a group fund and may require a specific actuarial review, in order to establish a group rate.

Capital structure and treasury policy

The association borrowed £5 million during the year, to continue the planned investment programme and development work.

The association has borrowed the whole of the £5 million from Barclays, all of which is on variable interest rates. The association's policy has been to keep between 60 per cent and 80 per cent of its borrowings at fixed rates of interest and between 20 per cent and 40 per cent as variable loans. At the year-end, 30 per cent of the association's borrowings were at fixed rates and 70 per cent at variable rates. The percentage split, which is a deviation from policy, has been approved by the Board.

The fixed rate of interest range for 2007/8 was 4.54 % and the average variable rate 6.18 % with rates ranging from 5.53% to 6.83%.

During 2007/8 the company sought advice from their funding advisor, Sector Weedon Grant with regards to the levels of fixed rate loans. In July 2007 it was agreed with Barclays that Green Vale would forward fix £7 million at a rate of 4.915% with Barclays having the right to cancel after 5 years. The fixing of the £7 million was transacted in July 2008.

In view of the "credit crunch" and the high interest rates, and pending the fixing of the £7 million the loans were rolled on monthly a variable basis.

Future developments

A key influence on the timing of borrowings is the rate at which development activity and the investment programme takes place. The board has approved a business plan for 2008/9 to spend £15.5 million on development and refurbishment work on existing properties.

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 2005).

Operating and Financial Review (continued)
Association Highlights

	31 March 2008	31 March 2007
Income and Expenditure account (£'000)		
Turnover from Social Housing Lettings	14,562	12,920
Operating deficit before charge for pension liability acquired	(1,929)	(6,860)
Deficit for the year transferred to reserves	(1,666)	(6,024)
Balance Sheet (£'000)		
Tangible Fixed Assets, net of depreciation SHG and other capital grants	5,063 (1,861)	3,771 (754)
Tangible Fixed Assets, net of depreciation and grants	3,202	3,017
Total current assets	3,664	2,748
Net current liabilities	1,857	1,321
Total assets less current liabilities	5,059	1,696
Loans (due over one year) Less Loan issue costs	12,000 (276)	7,000 (211)
	(11,724)	(6,789)
Pensions liability	2,434	45
Revenue Reserve – deficit	(9,099)	(5,138)
	5,059	1,696
Accommodation figures		
Total housing stock owned at year end (<i>number of dwellings</i>):	3,718	3,733
Statistics		
Investment Programme – Capital Spend (£'000)	952	1,358
Investment Programme – Revenue Spend (£'000)	7,813	10,126
Rent losses (<i>voids and bad debts as % of rent receivable</i>)	1.58%	1.1%
Rent arrears (<i>gross arrears as % of rent receivable</i>)	3.05%	4.0%
Current Tenant Rent Arrears (<i>as % of rent receivable</i>)	1.91%	2.1%
Interest cover (<i>Income divided by interest payable</i>)	24.15	72.58
Liquidity (<i>current assets divided by current liabilities</i>)	2.03	0.67
House Sales	35	95
Debt per unit	£3,228	£1,875

Independent Auditors' Report to the Members of Green Vale Homes Limited

We have audited the financial statements of Green Vale Homes Limited for the year ended 31 March 2008, which comprise the income and expenditure account, the balance sheet, statement of total recognised surpluses and deficits and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with regulations made under section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an 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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

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 Industrial and Provident Societies Acts 1965 to 2002, 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 not consistent with the financial statements, if the association has not kept proper accounting records, or maintains a satisfactory system of control over its transactions, or if we have not received all the information and explanations we require for our audit.

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 judgements made by the board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the association's circumstances, consistently applied and adequately disclosed.

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

Independent Auditors' Report to the Members of Green Vale Homes Limited (continued)

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 association as at 31 March 2008 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

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

Income and Expenditure Account

For the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Turnover: continuing activities	3	14,562	12,920
Operating costs	3	(16,491)	(19,780)
		<hr/>	<hr/>
	3	(1,929)	(6,860)
Operating costs - pension liability acquired	9	(64)	(959)
		<hr/>	<hr/>
Operating deficit: continuing activities		(1,993)	(7,819)
Surplus on sale of fixed assets – housing properties	4	665	1,758
Interest receivable and other income	7	42	79
Interest payable and similar charges	8	(603)	(178)
Other finance income	9	223	136
		<hr/>	<hr/>
Deficit on ordinary activities before taxation		(1,666)	(6,024)
Tax on deficit on ordinary activities	11	-	-
		<hr/>	<hr/>
Deficit for the period	23	(1,666)	(6,024)
		<hr/> <hr/>	<hr/> <hr/>

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 24 to 43 form part of these financial statements.

The financial statements were approved by the Board on 26 August 2008 and signed on its behalf by:

Berenice Leyland

Chair

Stephen Griffiths

Vice Chair

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2008

	2008	2007
	£'000	£'000
Deficit for the period	(1,666)	(6,024)
Actuarial gain/(loss) relating to the pension scheme (note 9)	(2,295)	886
	<hr/>	<hr/>
Total recognised surpluses and deficits relating to the period	(3,961)	(5,138)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of Movements in Association's funds

For the year ended 31 March 2008

	2008	2007
	£'000	£'000
Opening total funds	(5,138)	-
Total recognised surpluses and deficits relating to the period	(3,961)	(5,138)
	<hr/>	<hr/>
Closing total funds	(9,099)	(5,138)
	<hr/> <hr/>	<hr/> <hr/>

Balance Sheet

At 31 March 2008

	Note	2008 £'000	2007 £'000
Tangible fixed assets			
Housing properties	12	3,852	2,556
Other grants	12	(1,191)	(419)
Social Housing Grant	12	(670)	(335)
		<hr/>	<hr/>
Other tangible fixed assets	13	1,991 1,211	1,802 1,215
		<hr/>	<hr/>
		3,202	3,017
		<hr/>	<hr/>
Current assets			
Stock and work in progress	14	98	64
Debtors	15	3,434	2,102
Cash at bank and in hand		132	582
		<hr/>	<hr/>
		3,664	2,748
Creditors: Amounts falling due within one year	16	(1,807)	(4,069)
		<hr/>	<hr/>
Net current assets/(liabilities)		1,857	(1,321)
		<hr/>	<hr/>
Total assets less current liabilities		5,059	1,696
		<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due after more than one year	17	11,724	6,789
Net pension liability	9	2,434	45
		<hr/>	<hr/>
		14,158	6,834
Capital and reserves			
Non equity share capital	22	-	-
Revenue reserve	23	(9,099)	(5,138)
		<hr/>	<hr/>
Association's funds		(9,099)	(5,138)
		<hr/>	<hr/>
		5,059	1,696
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board on 26 August 2008 and signed on its behalf by:

Berenice Leyland
Chair

Stephen Griffiths
Vice Chair

Notes to the Financial Statements

31 March 2008

1. Legal status

Green Vale Homes is registered under the Industrial and Provident Society Act 1965 and is registered with the Housing Corporation as a social landlord.

2. Accounting policies

Basis of accounting

The financial statements of the Association are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, update issued in April 2005, and comply with the Accounting Requirements for registered social landlords General Determination 2006. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

Cash flow statement

The Association is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Trans-Pennine Housing Limited, which publishes a consolidated cash flow statement.

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.

Taxation

The Association is exempt from paying corporation tax due to its charitable status.

Value added tax

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

Pensions

The Association participates in the West Yorkshire Pension Fund, a defined benefit final salary pension scheme managed by Bradford MBC. The assets of the scheme are invested and managed independently of the finances of the Association.

For the West Yorkshire Pension fund, 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.

Notes to the Financial Statements (continued)

31 March 2008

2. Accounting policies (continued)

Pensions (continued)

The staff which transferred to Green Vale Homes under TUPE arrangements were previously employed by Rossendale Council who participated in the Lancashire Pension Scheme. These staff had 12 months from the transfer date to elect either to leave their previous pension assets with the Lancashire scheme or transfer the assets to the West Yorkshire Scheme. At the end of the 12 month period all but one of the staff had elected to transfer their pension assets.

The next actuarial valuation of the scheme is due at 31 March 2010, however it is anticipated that the pension funds for the Green Vale Homes and Pennine Housing 2000 Limited will be brought together as a group fund and may require a specific actuarial review, in order to establish a group rate.

Supporting people

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Housing properties

Housing properties are principally properties available for rent and are stated at historic cost less depreciation. Cost includes the cost of the transferred stock from Rossendale BC (which was transferred at nil value) and capital expenditure incurred in respect of improvements and development.

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 improvements are capitalised.

Shared ownership properties are included in housing properties at cost, less the first tranche sale proceeds and any provisions needed for depreciation or impairment.

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation.

Notes to the Financial Statements (continued)

31 March 2008

2. Accounting policies (continued)

Social housing grant

Social housing grant (SHG) is receivable from the Housing Corporation and is utilised to reduce the capital costs of housing properties, including land costs. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. SHG due from the Housing Corporation 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 Housing Corporation. SHG released on sale of a property is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in Creditors.

The net (valuation less discount) proceeds from Right to Acquire sales and the grant from the Housing Corporation to refund the discount are recycled via the disposal proceeds fund to fund specified schemes in accordance with the Housing Corporation's requirements.

Other grants

These include grants from local authorities and other organisations. 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. Capital Grants are used to reduce the cost of housing properties including land costs.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to housing properties, less residual value. The Association's housing properties are depreciated over 50 years.

Impairment

Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

Notes to the Financial Statements (continued)

31 March 2008

2. Accounting policies (continued)

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

The principal rates used for other assets are:

Freehold office buildings	2%
Furniture, fixtures and fittings	10%
Computers and office equipment	20%
Motor vehicles, plant and machinery	20%

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Association's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding. 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

Completed properties for outright sale and property 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.

Website Development costs

The Association is currently operating a website which is used to promote the Association's activities and as a means of communicating with tenants and other interested parties. The planning costs are charged as operating costs as they are incurred, maintenance and operating costs of the website are charged as other operating costs as they are incurred.

Notes to the Financial Statements (continued)

31 March 2008

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

Particulars of Income and Expenditure from Social Housing lettings

	2008		2007
	General needs	Supported housing and housing for older people	Total
	£'000	£'000	£'000
			Total
			£'000
Turnover from social housing lettings:			
Rent receivable net of identifiable service charges	8,156	1,735	9,891
Service charges receivable	19	50	69
	<u>8,175</u>	<u>1,785</u>	<u>9,960</u>
Net rental income			9,656
Supporting People contract income	-	382	382
Other Income	394	82	476
Grants and Contributions	3,087	657	3,744
	<u>11,656</u>	<u>2,906</u>	<u>14,562</u>
Turnover from social housing lettings			12,920
Expenditure on social housing lettings			
Management	(3,068)	(653)	(3,721)
Services	(448)	(95)	(543)
Care and support	-	(653)	(653)
Routine and planned maintenance	(2,937)	(659)	(3,596)
Investment programme	(6,106)	(1,707)	(7,813)
Bad debts – rents	(53)	(11)	(64)
Bad debt – sundry debtors	(24)	(5)	(29)
Depreciation of housing properties	(24)	(5)	(29)
Depreciation – other fixed assets	(25)	(5)	(30)
Other costs - set up costs	(11)	(2)	(13)
	<u>(12,696)</u>	<u>(3,795)</u>	<u>(16,491)</u>
Operating costs on social housing lettings			(19,780)
Operating deficit on social housing lettings	<u>(1,040)</u>	<u>(889)</u>	<u>(1,929)</u>
Void Loss	<u>(77)</u>	<u>(16)</u>	<u>(93)</u>
			(106)

Notes to the Financial Statements (continued)
31 March 2008

4. Surplus on sale of fixed assets – housing properties

	2008	2007
	£'000	£'000
Disposal proceeds	665	1,758
Carrying value of fixed assets	-	-
	665	1,758

5. Operating Deficit

This is arrived at after charging/(crediting):	2008	2007
	£'000	£'000
Depreciation of housing properties	29	28
Depreciation of other tangible fixed assets	30	25
Surplus on debts acquired on transfer	-	(90)
Bad debt provisions		
- Sundry Debtors	29	35
- Rents	64	-
Operating lease rentals		
- land and buildings	168	158
- motor vehicles	240	210
Auditors' remuneration (including VAT)		
- for audit services	12	10
- for non-audit services (Tax Advice)	1	2

6. Accommodation in Management

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

	2008	2007
	No.	£'000
Social housing		
General housing	3,066	3,079
Supported housing	652	654
Total owned	3,718	3,733
Accommodation managed for others	-	-
Total managed	3,718	3,733

Notes to the Financial Statements (continued)
31 March 2008

7. Interest receivable and other income

	2008	2007
	£'000	£'000
Income from other investments	42	79
	<u>42</u>	<u>79</u>

8. Interest payable and similar charges

	2008	2007
	£'000	£'000
Loans and bank overdrafts	603	178
	<u>603</u>	<u>178</u>

9. Employees

Average monthly number of employees expressed as full time equivalents:

	2008	2007
	No.	No.
Administration	30	22
Housing Support and Care	118	118
	<u>148</u>	<u>140</u>

	2008	2007
	£'000	£'000
Employee Costs:		
Wages and salaries	3,272	3,093
Social security costs	235	222
Other pension costs	773	602
	<u>4,280</u>	<u>3,917</u>

The actual cash contributions paid during the year to WYPF was £455,581 (2007: £493,673) which has been adjusted in other pension costs above to reflect FRS 17 calculations of the current operating charge.

9. Employees (continued)

West Yorkshire Pension Fund

General

The Association participates in the West Yorkshire Pension Fund (WYPF), WYPF is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state pension.

The Association paid contributions at the rate of 15% during the 2007/8 accounting period (2007: 15%), this was based on the rates based on the valuation performed at 31 March 2004.

The last formal valuation of the scheme was performed at 31 March 2007 (next valuation 31 March 2010) by a professional qualified actuary. The valuation was undertaken in accordance with local Government Pension Scheme Regulation 1997 (as amended).

The staff which transferred to Green Vale Homes under TUPE arrangements were previously employed by Rossendale Borough Council who participated in the Lancashire Pension Scheme. These staff had 12 months from the transfer date to elect either to leave their previous pension assets with the Lancashire scheme or transfer the assets to the West Yorkshire Scheme. At the end of the 12 month period all but one of the staff had elected to transfer their pension assets.

Green Vale Homes is an Association which was formed to take the housing stock from Rossendale Council. As part of the transfer employees of Rossendale Borough Council to Green Vale Homes, the pensions of these staff (whilst employed by Rossendale Borough Council) were held by the Lancashire Local Government Pension Scheme.

On transfer although for actuarial funding purposes the position for transferring employees was fully funded by Rossendale Borough Council a net liability was assumed by the Association under FRS 17, reflecting the different basis of calculation. This liability was treated as a start-up cost incurred in the period and amounted to £1 million (£959,000 recognised in 2007 and £64,000 in 2008).

Financial assumptions

Following the stock transfer, contribution rates have been reviewed. From 1 April 2006, the contribution rates for Green Vale Homes are as follows:

15 %	2006/7
15 %	2007/8
15 %	2008/9

The rate will rise to 15.1% for 2009/10 and 2010/11

At the last valuation of the scheme was performed at 1 April 2007. The market value of the scheme's assets at that date was £7,305,957 million. At 31 March 2004 the annual funding level was 82% - the indicative level for 31 March 2007 was 95% (as per WYPF accounts 31.3.2007).

Rates are based upon the recovery of the deficit over a 25 year period starting 2005 and that any increase in contributions to this level can be phased in over a period of up to 6 years starting 2005.

Notes to the Financial Statements (continued)

31 March 2008

9. Employees (continued)

Additional contributions are payable by Green Vale Homes in respect of non-ill health early retirements.

The contribution rates above allow for the changes under the Local Government Pension Scheme (Amendment)(No 2) Regulations 2004 – effective from the 1 April 2005. These changes have now been revoked and other changes have been made to pension regulations which will be taken into account in determining future contributions.

The disclosures which follow have been adopted into the accounts for the period ended 31 March 2008. In order to assess the actuarial valuation of the Scheme's assets and liabilities at 31 March 2008 the actuaries have rolled forward the actuarial value of the assets and liabilities reported as at 31 March 2007, allowing for changes in financial assumptions as prescribed under FRS 17.

Contributions

The employers' actual contributions to the Scheme for the year ended 31 March 2008 were £455,581, (£448,061 normal and £7,520 other contributions) (2007: £493,673).

Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 17 basis were:

	31 March 2008	31 March 2007
	% per annum	% per annum
Rate of increase in salaries	4.85%	4.35%
Rate of increase in pensions in payment	3.6%	3.1%
Discount rate	6.1%	5.4%
Inflation assumption	3.6%	3.1%

Notes to the Financial Statements (continued)
31 March 2008

9. Employees (continued)

Fair value and expected return on assets

The fair value and expected return on assets in the Scheme related to the Association and the expected rates of return were:

	Fair value 31 March 2008 £'000	Expected Return 2008 %	Fair value 27 March 2007 £'000	Expected Return 2007 %
Equities	9,885	7.5	9,993	7.5
Government Bonds	123	4.6	-	4.7
Other Bonds	55	6.1	-	5.4
Property	58	6.5	-	6.5
Cash/Liquidity	55	5.25	-	5.25
Other	94	n/a	-	n/a
	<hr/>		<hr/>	
	10,270		9,993	
	<hr/> <hr/>		<hr/> <hr/>	

Net Deficiency

	31 March 2008 £'000	31 March 2007 £'000
Fair value of the above assets related to the Association	10,270	9,993
Value placed on liabilities related to the Association	(12,704)	(10,038)
	<hr/>	<hr/>
Net pension liability	(2,434)	(45)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (continued)
31 March 2008

9. Employees (continued)

Analysis of the amount charged to operating surplus

	2008	2007
	£'000	£'000
Current service cost	(528)	(512)
Curtailement gain/(loss)	(181)	(90)
Past service cost (liability assumed on transfer)	(64)	(959)
	<hr/>	<hr/>
Total operating charge	(773)	(1,561)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of the amount credited to other finance income.

	2008	2007
	£'000	£'000
Expected return on pension scheme assets	843	613
Interest on pension scheme liabilities	(620)	(77)
	<hr/>	<hr/>
Net charge	223	136
	<hr/> <hr/>	<hr/> <hr/>

Analysis of amount recognised in statement of total recognised surpluses and deficits (STRSD)

	2008	2007
	£'000	£'000
Actual return less expected return on pension scheme assets	(1,920)	344
Changes in assumptions underlying the present value of scheme liabilities	(375)	542
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in STRSD	(2,295)	886
	<hr/> <hr/>	<hr/> <hr/>

History of experience gains and losses

	2008	2007
Difference between expected and actual return on share of scheme assets:		
Amount (£'000)	1,920	344
Percentage of share of scheme assets	18.7%	3.4%
Experience gains and losses on share of scheme liabilities:		
Amount (£'000)	-	-
Percentage of present value of share of scheme liabilities	-	-
Total amount recognised in statement of total recognised surpluses and deficits:		
Amount (£'000)	2,295	886
Percentage of the present value of share of scheme liabilities	18.1%	8.8%

Notes to the Financial Statements (continued)

31 March 2008

9. Employees (continued)

Movement in deficit during the period

	2008 £'000	2007 £'000
Association share of scheme liabilities at the start of period/incorporation	(45)	-
Liability assumed on transfer from Rossendale Borough Council	(64)	(959)
Current service cost	(528)	(512)
Impact of curtailments	(181)	(90)
Contributions	456	494
Other finance income	223	136
Actuarial gain loss	(2,295)	886
Association share of scheme liabilities at end of period.	<u>(2,434)</u>	<u>(45)</u>

10. Board Members and Executive Directors

Board Members

None of the board members received emoluments.

Executive Directors

During the year ended 31 March 2008 the aggregate remuneration of the association's Executive Director was as follows:

	Basic Salary £'000	Benefits in kind £'000	Pension contr'ns £'000	Total £'000	2007 Total £'000
Total	72	11	11	94	87

The Executive Director (like other Group executive directors) is a member of the West Yorkshire Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply.

Details of remuneration paid to executive directors employed on a group wide basis by Trans-Pennine Housing Limited (the association's parent) are disclosed in the financial statements of that entity.

Notes to the Financial Statements (continued)
31 March 2008

11. Tax on surplus on ordinary activities

Due to its charitable status the Association is exempt from paying corporation tax.

12. Tangible fixed assets – properties

	Social housing properties held for letting housing £'000	Social housing properties under construction £'000	Total social housing properties £'000
Cost			
At 31 March 2007	1,358	1,226	2,584
Additions	-	373	373
Works to existing properties	952	-	952
Schemes Completed	1,599	(1,599)	-
	<u>3,909</u>	<u>-</u>	<u>3,909</u>
At 31 March 2008	3,909	-	3,909
Depreciation and impairment			
At 31 March 2007	28	-	28
Charged in year	29	-	29
	<u>57</u>	<u>-</u>	<u>57</u>
At 31 March 2008	57	-	57
Depreciated cost			
At 31 March 2008	3,852	-	3,852
	<u>1,330</u>	<u>1,226</u>	<u>2,556</u>
At 31 March 2007	1,330	1,226	2,556
Social Housing Grant			
At 31 March 2007	-	335	335
Received in Year	-	335	335
Schemes Completed	670	(670)	-
	<u>670</u>	<u>-</u>	<u>670</u>
At 31 March 2008	670	-	670
Other grant			
At 31 March 2007	419	-	419
Received in the year	772	-	772
	<u>1,191</u>	<u>-</u>	<u>1,191</u>
At 31 March 2008	1,191	-	1,191
Net book value			
At 31 March 2008	1,991	-	1,991
	<u>911</u>	<u>891</u>	<u>1,802</u>
At 31 March 2007	911	891	1,802

Notes to the Financial Statements (continued)
31 March 2008

	2008 £'000	2007 £'000
Expenditure on works to existing properties		
Amounts capitalised	952	1,358
Amounts charged to income and expenditure account	7,813	10,126
	<hr/>	<hr/>
	8,765	11,484
	<hr/> <hr/>	<hr/> <hr/>

Housing properties book value, net of depreciation and grants, and offices (note 13) net book value comprises:

	2008 £'000	2007 £'000
Freehold land and buildings	3,181	3,017
	<hr/> <hr/>	<hr/> <hr/>

A valuation of the housing properties was undertaken by FPD Savills on the basis of existing use value social housing for accounts purpose. This showed a stock value of £16.5 million at 31 March 2008

13. Tangible fixed assets – other

	Freehold Offices £'000	Computers and office equipment £'000	Total Other Tangible Fixed Assets £'000
Cost			
At 31 March 2007	1,240	-	1,240
Additions	-	26	26
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2008	1,240	26	1,266
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 31 March 2007	25	-	25
Charged in year	25	5	30
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2008	50	5	55
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 31 March 2008	1,190	21	1,211
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2007	1,215	-	1,215
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (continued)
 31 March 2008

14. Stock

	2008 £'000	2007 £'000
Stores	78	64
Van Imprest Stock	2	-
	0	-
	<hr/>	<hr/>
	98	64
	<hr/> <hr/>	<hr/> <hr/>
		=

15. Debtors

	2008 £'000	2007 £'000
Due within one year		
Rent and service charges receivable	348	384
Less: Provision for bad and doubtful debts	(201)	(270)
	<hr/>	<hr/>
	147	114
Amount due from Group undertakings	-	558
Other debtors	740	753
Gap funding (due from Department of Communities and Local Government)	2,254	-
Prepayments and accrued income	90	87
Other taxation and social security	190	563
	<hr/>	<hr/>
	3,421	2,075
Due after more than one year		
Other debtors	13	27
	<hr/>	<hr/>
	3,434	2,102
	<hr/> <hr/>	<hr/> <hr/>

16. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	963	1,674
Rent and service charges received in advance	93	97
Amount due to Group undertakings	109	87
Other taxation and social security	79	89
Other creditors	70	65
Amounts due to Rossendale Borough Council	203	1,531
Accruals and deferred income	290	526
	<hr/>	<hr/>

<u>1,807</u>	<u>4,069</u>
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Notes to the Financial Statements (continued)
 31 March 2008

17. Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Debt (note 18)	12,000	7,000
Less Loan Issue Costs	(276)	(211)
	<u>11,724</u>	<u>6,789</u>

18. Debt analysis

	2008 £'000	2007 £'000
Due after more than one year		
Bank loans	12,000	7,000
	<u>12,000</u>	<u>7,000</u>

	2008 £'000	2007 £'000
Due after more than one year		
After five years	12,000	7,000
	<u>12,000</u>	<u>7,000</u>

The bank loan is secured by a fixed charge over the assets of the Association. The interest on the bank loans are paid quarterly for those loans on fixed rates of interest and on agreed roll over dates for loans on variable rates of interest.

The interest rate on fixed loans for the period was 4.54% and the rates on variable loans were on average 6.18%.

Notes to the Financial Statements (continued)
 31 March 2008

19. Financial commitments

Capital expenditure commitments were as follows:

	2008 £'000	2007 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	16,652	1,019
Expenditure authorised by the board, but not contracted	12,030	1,063
	<hr/>	<hr/>
	28,682	2,802
	<hr/> <hr/>	<hr/> <hr/>

The above commitments will be financed by a combination of borrowings (£12.8 million) which are available under the existing loan facility, through Social Housing Grant (£1.9 million) and Gap Funding (£9.3 million), with the balance being funded through revenue income.

Operating leases

The payments which the Association is committed to make in the next year under operating leases are as follows:

	2008 £'000	2007 £'000
(i) Land and buildings, leases expiring		
One to five years	168	166
	<hr/>	<hr/>
(ii) Motor vehicles, leases expiring		
Within one year	240	207
One to five years	-	4
	<hr/>	<hr/>
	240	211
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (continued)
 31 March 2008

20. Contingent liabilities

There were no contingent liabilities at 31 March 2008.

21. Financial assets and liabilities

Financial liabilities excluding trade creditors

The Association's financial liabilities are sterling denominated. At the balance sheet date the interest rate profile of the Association's financial liabilities was:

	31 March 2008 £'000	31 March 2007 £'000
Variable rate	8,500	3,500
Fixed rate	3,500	3,500
	<hr/>	<hr/>
Total (note 18)	12,000	7,000
	<hr/> <hr/>	<hr/> <hr/>

22. Non-equity share capital

	2008 £
Shares of £1 each issued and fully paid	
At 31 March 2007	10
Shares issued during the year	46
	<hr/>
At 31 March 2008	56
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The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

23. Reserves

	Revenue Reserve £'000
At 31 March 2007	(5,138)
Deficit for the year	(1,666)
Actuarial loss relating to pension scheme	(2,295)
	<hr/>
At 31 March 2008	(9,099)
	<hr/> <hr/>

Notes to the Financial Statements (continued)

31 March 2008

24. Related parties

There are six tenant members of the board, Brenda Riley, Muriel Law, John Challinor, Sheila Lynch, Jack Dalton and Berenice Leyland.

Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

The Association has taken the advantage of the exemption available under FRS8 not to disclose transactions with other group members.

25. Stock Transfer Obligations

Immediately prior to entering into the Stock Transfer Agreement between Rossendale Borough Council (“the Council”) and Green Vales Homes Limited (“the Association”), the Council and Association entered into a contract for the Association to perform the refurbishment works required to bring the properties into an agreed state. The contract was for a fixed sum equal to the expected cost of the works i.e. £70,183,971. At transfer the Association contracted with the Council to acquire the benefit of the agreed refurbishment works £70,183,71 plus the housing properties at a price equal to the agreed value of the property in its un-enhanced condition £70,183,971. The nature of the works under the agreement has been specified and a right of set off exists between the contracts. These contracts have enabled the Association to recover VAT on repair/improvement costs that would otherwise have been expensed.

At the time of the transfer the Association made no payment to the Council for the acquisition of the properties in their un-enhanced condition being the value of the Council’s obligation to carry out the refurbishment works (£70,183,971), less the amount due to be incurred by the Association under the Development Agreement in relation to the anticipated cost of the repairs/improvements (£70,183,971).

Notes to the Financial Statements (continued)

31 March 2008

25. Stock Transfer Obligations (continued)

The impact of these two transactions is that whilst the Council has a legal obligation to the Association to complete the refurbishment works; this work has been contracted back to the Association who are also legally obligated. The underlying substance of the transaction is therefore that the Association has acquired the properties in their existing condition at their agreed value £nil, and will complete certain repairs/improvements in line with guarantees to Tenants of not less than £70,183,971. In the opinion of the board members, the commercial effect of these transactions when viewed as a whole does not, in practice, create separate assets and liabilities for reporting purposes. Therefore, in accordance with FRS 5 the resulting debit and credit balances, relating to the legal obligation of the Council to complete the refurbishment works for the Association and the equal and opposite legal obligation of the Association to perform the refurbishment works for the Council, have been offset and are not recorded in the balance sheet.

At 31 March 2008 £20,244,632 (2007: £11,484,123) of the refurbishment works had been completed.

26 Parent Company

The Association (Green Vale Homes) is a subsidiary of Trans-Pennine Housing Limited, a Company incorporated in England. Copies of the Company's accounts may be obtained from the Company Secretary, Bull Green House, Bull Green, Halifax, HX1 2EB.