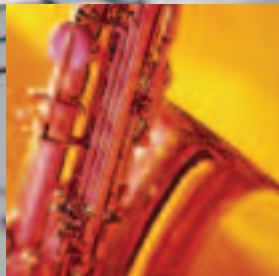
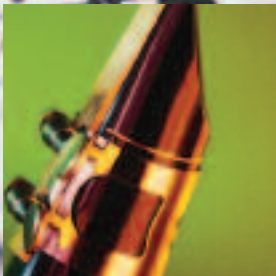


CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009



shared strength
individual focus



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Board members:

Mr B Gosling (Chairman)
Mrs E Bowers
Mr D Armes
Mr J Robson FCIH
Mr J Farrar
Mr R Rudd
Mr M Dodson
Ms L Bowen
Mr T Oldham
Ms R Weaver
Mr D Young MBE JP
Mrs C McEwen
Ms Julie Reader-Sullivan (Co-optee)

Limited Company Registration Number:
3958380

RSL Registration Number:
L4277

Secretary:
Mr R V Walder BSc FCIH

Registered Office and Principal Place of Business:

Leverett House
Gilbert Drive
Endeavour Park
Boston, Lincolnshire PE21 7TQ

Executive Officers:

Mr R V Walder BSc, FCIH - Group Chief Executive
Mrs J Doyle DMS, MBA, ACIH - Managing Director,
Spire Homes and Group Deputy Chief Executive
Mr R Griffiths FCCA - Executive Director - Group
Financial Services
Mr M A Hardy BA (Hons), MBA, FCIH - Managing
Director, Longhurst Homes
Mr P Osborne - Managing Director, Havelok Homes
Mr J Driffill BA (Hons), MSc, MRTPI, ACIH -
Managing Director, Friendship Care and Housing

Senior Managers:

Mr A Whyte, BSc, DIPT - Partnerships Director
Mr B Cooke BSc (Hons) - Director of ICT services
Mr J Fletcher BA (Hons), MIPD - Director of Human
Resources
Mr I Jackson - Director of Development,
POD/Longhurst Group
Mrs J Matthews - Head of Marketing

Auditors:

Beever and Struthers
Chartered Accountants
St George's House
215-219 Chester Road
Manchester M15 4JE

Bankers:

Lloyds TSB Bank Plc
Market Place
Boston
Lincolnshire

Solicitors:

Chattertons
28 Wide Bargate
Boston
Lincolnshire PE21 6RT

Freeth Cartwright
Express Buildings
29 Upper Parliament Street
Nottingham NG1 2AQ

Trowers and Hamlins
Heron House
Albert Square
Manchester M2 5HD

Lawrence Graham
190 Strand
London WC2R 1JN

Langleys
Newporte House
Doddington Road Business Park
Lincoln LN6 3JY



Key Board information

The Directors of Longhurst Group Limited are delighted to present the ninth Annual Report and Audited Accounts for year ended 31 March 2009. Consolidated and Company Accounts have been prepared for the year ended 31 March 2009.

Background

Longhurst Group was first registered at Companies House on 23 March 2000 and started trading during the 2000/01 financial year.

The Group was formed with the assistance of the Board of Longhurst Housing Association Limited (now Longhurst Homes). The initial Group structure consisted of Longhurst Housing Association, East Northamptonshire Housing Limited - later known as Spire Homes (LG) Ltd - and Home from Home (Lincs) Limited.

A new subsidiary of the Group, Keystone Developments (LG) Limited, was formed on 11 September 2001. This company widened the Group's activities, allowing housing for sale to be developed in partnership with other member companies.

Havelok Housing Association (later Havelok Homes) joined the Group on 1 October 2003, to grow the organisation and benefit from central support services.

During 2005, negotiations were conducted with fch Housing and Care of Birmingham (later Friendship Care and Housing) about potential Group membership. Following regulatory approval, Friendship Care and Housing formally joined Longhurst Group on 15 May 2006.

From 2006 to 2008, Longhurst Group worked with Nottingham Community Housing Association in a development consortium. In 2008, the two partners formalised this arrangement by creating POD, a joint venture LLP owned equally by both organisations.

Corporate mission and objectives

The Group's strategy and objectives are set out in a business plan, reviewed annually and approved by the Board.

The Group mission remains unchanged – ***“to lead and inspire growth based on excellence in service provision”***. The corporate strategy is based on three key objectives:

- To grow
- To continuously improve
- To communicate better.

Page 16 outlines the progress made against these three objectives over the past year.

Summary of key events in 2008/09

The past year has been the most challenging that Longhurst Group has faced in its nine-year history. The turbulent economic climate, major changes to sector regulation and increased customer expectations have created ripples across the housing world. Yet through it all, the Group has managed resources and services effectively, and achieved strong results.

Prudent resource management

Longhurst Group provides strategic direction to support member companies and grow the business, and supplies business services across the Group.

Member companies provide housing development, management and support services to a diverse range of customers. Examples of this work include affordable housing for rent and sale; sheltered housing; home improvement agency support to elderly and disabled residents; advocacy services to vulnerable client groups; money management and debt advice; and residential care.

Through continued prudent financial management, the parent company again performed within budget last year. The Group also worked hard to secure management efficiencies during the year. Our group strategy to develop more collaborative working has paid dividends, and will ensure that customers benefit from continuously improved standards.

Specific examples of the Group's key achievements in resource management during 2008/09 include:

- Leading a review of member companies' insurance policies - covering everything from insuring homes to professional indemnity cover – which both resulted in high-quality services across the Group and a saving of more than £250,000
- Securing an additional £35 million loan facility for Longhurst Homes
- Continuing to roll-out a major learning programme, which has helped to secure business efficiencies and contribute towards staff retention (more than 20 per cent of our employees have worked within the Group for 10 years or more)
- Achieving 69.7 per cent employee satisfaction in our most recent Group survey, which places Longhurst Group in the top 31 per cent of all companies.

Of course, the Group does not intend to rest on its laurels; we are committed to exploring more ways of achieving either resource savings, and delivering greater outputs for the same financial outlay.

Increased customer choice

The recently-established Tenant Services Authority is set to make a major impact on the sector, as its proposed new standards framework takes shape.

In the months ahead, member companies will explore the impact of the changing standards on our customers, and what this means in practice for Longhurst Group. The overall commitment to deliver high-quality services across the Group, give customers choice and compete alongside other associations remains unchanged.

Examples of key Group achievements within this area of work during 2008/09 include:

- Longhurst Homes winning the CharterMark for its entire housing services team, demonstrating the organisation's commitment to excellent customer service
- Havelok Homes achieving 'three star' ratings for all of its registered residential care homes, signifying the high standards being maintained for vulnerable customers
- Friendship Care and Housing receiving recognition from Birmingham City Council's

Supporting People Team for delivering excellent' support services, based on an in-depth review and stakeholder and service user feedback

- Spire Homes being chosen by the Tenant Services Authority as a trailblazer organisation for the 'National Conversation', and subsequently helping other housing associations to guide their consultations.

Continued development activity

Since April 2005, Longhurst Group has been a formally-designated development partner with the Housing Corporation (now the Homes and Communities Agency). Since then the Group - initially one of only 70 registered social landlords to be selected for partnering - has established a strong track record for achieving its targets and supporting national objectives.

Since 2005/06 the Group has jointly led (together with Nottingham Community Housing Association) the Blue Skies Consortium, a partnership of 17 housing organisations. Consortium membership brings collective strength through shared skills, expertise and resources, whilst also allowing individual members to seize development opportunities that would otherwise be out of their reach. Despite the volatility of the housing market, the consortium's track record proved impressive during 2008/09. This is demonstrated in the following key successes:

- We committed more than £45 million of grant funding in our development programme on behalf of the Blue Skies Consortium, which resulted in 1,048 homes being started-on-site and 822 completed
- The consortium attracted the tenth largest affordable housing development programme allocation in the country for the 2008-2011 programme
- The partnership delivered 150 per cent of its agreed grant targets with the Homes and Communities Agency, despite initially losing 500 units due to the market downturn
- Together with Nottingham Community Housing Association, we established a joint development consultancy venture, POD. The venture commenced trading in 2008 and met all of its first year budget targets.

Consistently strong partnerships

Joint ventures and partnership working remain critical to Longhurst Group. This work helps us to pool expertise, share risks, widen markets and manage growth.

The Group is proud to support a range of organisations, including local authorities, local strategic partnerships, specialist consortia, regional boards and national groups. Whilst housing specialists, we often go beyond this remit, contributing to community development and regeneration. Examples of key achievements within the Group during 2008/09 include:

- Partnering the Waste & Resources Action Programme and Davis Langdon to sign up to the national 'Halve waste to landfill' campaign, which has led to up to 80 per cent of construction waste being recycled on development sites in Lincolnshire
- Spire Homes being selected by Rutland County Council as its preferred partner for stock transfer, then working closely with Rutland tenants and council colleagues in the run-up to ballot
- Friendship Care and Housing piloting independent mental health advocacy services in Birmingham and Sandwell.

Governance

Longhurst Group Limited adopted its own governance policy on formation. This was based on good practice within the housing sector, and linked to policy reports on governance matters affecting corporate entities in general.

The Board has also adopted a Code of Conduct that applies across the Group and covers both Board members and staff.

The Group reviewed its self-assessment system last year. Through our Board appraisals process, training needs and plans are agreed with all members annually.

The Group Board continued to meet regularly during 2008/09. Two-thirds of its membership is drawn from member companies, with a minimum

of one-third independent persons. Further details are shown below.

Board Directors:

Mr B Gosling (Chairman) - independent

Mrs E Bowers - member company

Mr D Armes - member company

Mr J Robson FCIH - independent

Mr J Farrar - member company

Mr R Rudd - independent

Mr M Dodson - member company

Mr D Young MBE JP - member company

Ms L Bowen - member company

Ms R Weaver - member company

Mr T Oldham - member company

Mrs C McEwen - independent

Ms J Reader Sullivan - co-opted independent

Board Executive:

Mr R V Walder BSc, FCIH

Mrs J Doyle DMS, MBA, MIMg

Mr R I Griffiths FCCA

Mr M A Hardy BA (Hons), MBA, FCIH

Mr P Osborne

Mr J Driffill BA (Hons), MSc, MRTPI, ACIH

The Company is limited by guarantee. None of the Board members hold any shareholding interest. At Group level, the Audit Committee also provides clear direction and helps to maintain strong governance across Longhurst Group and its member companies. The committee includes representatives both from member companies and independent people recruited for their financial and auditing expertise. This body has clear terms of reference and wide-ranging powers, including the ability to report independently to the Board and to regulators if appropriate.

Future Prospects

The Board recognises that Longhurst Group and its member companies together manage and own a major housing portfolio within the Midlands. This, combined with our 'lead partner' status in the Blue Skies Consortium, underlines our track record and future potential. We recognise our leading role within the region and will work hard to further build upon our solid track record.

The social housing sector continues to experience fundamental change, and the pace of renewal is unlikely to subside. Through careful management, the Group is well-placed to anticipate and respond to change quickly and efficiently. Recent examples of this include:

- Adjusting our development programme to reflect changing market conditions; for example, we have reduced the amount of shared ownership properties and begun to invest more heavily in general needs housing
- Completing a strategic review of ICT services and systems across the Group and all member companies. As a result, we have agreed to consolidate all core IT systems onto common platforms, over the next 18 months; this will save money on external IT resources, allow greater sharing of skills and information across individual systems and should achieve time and cost efficiencies.

The Board has completed a strategic review as part of its business planning process. This reiterated that our basic strategy is still working effectively and that our focus on achieving performance excellence is right for the Group.

Longhurst Group's strength is in leading the structure of the 'family' and ensuring that member companies find ways of supporting each other for collective benefit. With this in mind, the parent has a strategic and service provider role, but is unlikely to become an asset owner in its own right; the member companies, as operating units, hold the assets. The Board believes that this arrangement is attractive to new Group members and offers flexibility in expanding both membership and the range of services we provide.

The Group remains receptive to welcoming new members – this could be new organisations formed from transfer, arms-length management organisations or welcoming existing registered providers who wish to benefit from the collective strength and support of a larger structure. Despite market conditions, we believe that the prospects for further growth and diversification remain positive.

The skills and experience of Board members and staff within Longhurst Group are an excellent base from which to secure new opportunities and achieve further expansion. As an organisation we are committed to retaining the good people in the business, and making the most of the skills and knowledge they have acquired. In the current environment more than ever, it's clear that development alone is not enough to achieve the Group's growth aspirations. By positioning the Group efficiently, sharing our talents and working with like-minded organisations, we can secure partnership and new business opportunities.

The Board concludes that the prospects for both Longhurst Group and its member companies remain extremely positive. Members therefore look to the future with confidence.



Key controls

Directors' statement on internal controls

The Board acknowledges its ultimate responsibility in ensuring that the Company has an effective system of internal controls in place. The system of internal controls is designed to manage key risks and provide reasonable assurance that planned business objectives are achieved and well-managed.

It is the Board's responsibility to establish and maintain appropriate systems of internal control for Longhurst Group. The Group Board also has overall responsibility for ensuring that the appropriate level of internal control is in place throughout all Group companies. Such systems of control can only provide reasonable and not absolute assurance against material financial mis-statement or loss. The Group Board is supported in its responsibility in overseeing the adequacy and effectiveness of internal controls across the Group by the Audit Committee.

The Board's approach to establishing and reviewing internal controls within Longhurst Group is consistent with circular 07/07 issued by the Housing Corporation (now Tenant Services Authority). This circular incorporates changes made by the Financial Reporting Council to the combined code and Internal Control: Guidance for Directors on the combined code.

The Board once again reviewed its internal controls systems in 2008 and notes that:

- i) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Company's assets
- ii) The Board has adopted a clear anti-fraud policy statement and approved a detailed fraud response plan. The policy statement has been communicated to staff and is part of the Governance Policy of the Company. The Audit Committee has reviewed the fraud register on a quarterly basis during 2008/09

- iii) The Board has approved a risk management strategy and continues to develop procedures to identify, assess and manage risks to which the Company is exposed
- iv) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established for both Board and members of staff to maintain standards of performance
- v) Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are promptly prepared, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate
- vi) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Board members and others
- vii) The Audit Committee reviews reports from management, from the internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and being followed. This includes a review of the major risks facing each Company within the Group. The Audit Committee makes regular reports to the Boards
- viii) Formal procedures have been established for instituting appropriate action to correct weaknesses identified by the internal and external auditors as well as issues identified by the Audit Committee and individual Boards.

The Board has reviewed the effectiveness of the system of internal control in existence in the Group for the year ended 31 March 2009 and until the date of approval of these accounts. No weaknesses were found in internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements or in the auditor's report on the financial statements.

Statement of directors' responsibilities in respect of the accounts

The Board is required to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs, and income and expenditure for that period.

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

- i) Select suitable accounting policies and then apply them consistently
- ii) Make judgements and estimates that are reasonable, impartial and prudent
- iii) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- iv) Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at anytime, the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Acts.

The Board is also responsible for safeguarding Company assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Company's accounting records, cash holdings and all its receipts and remittances.

As far as the Directors are aware there is no relevant audit information of which the auditors are unaware.

The Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any audit information and to establish that the Company's auditors are aware of that information.

Political & Charitable

There were no political and charitable contributions during the financial year ended 31 March 2009 (2008: nil).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint the Company's auditors, Messrs Beever and Struthers, will be proposed at the Annual General Meeting.

Approved by the Audit Committee on 23 July 2009 under delegated authority from the Board on 21 July 2009 and signed on its behalf by:

.....
Mr R V Walder, Company Secretary



Sound structure

Operating and financial review

Formation

Longhurst Group Limited was formed in the year 2000 with the assistance of the Board of Longhurst Housing Association Limited (now Longhurst Homes). The timeline on the right shows how the group has evolved and grown over the past eight years.

The Group structure includes six member companies - Longhurst Homes (and subsidiary Home from Home), Spire Homes, Havelok Homes, Friendship Care and Housing and Keystone Developments. Longhurst Group Limited is the parent company, helping Group members to work together in a supportive, collaborative way. This helps to achieve economies of scale, improved value for money and continued delivery of high-quality homes and services.

The Group works in 40 local authority areas, across four investment regions. Our reach stretches from Herefordshire to Norfolk and from Humberside to Buckinghamshire.

Group services

The Group, as parent, provides strategic direction, support and corporate services to all member companies. This helps everyone to share expertise, avoid duplication and be recognised for their distinctive strengths.

Each year, Longhurst Group sets a budget to reflect the costs of services provided to group members. These services, provided in accordance with service level agreements (SLAs) for each area of operation, were adhered to in 2008/09. Each SLA is subject to review with the relevant member company, to confirm its suitability.

Central services are charged out on the basis of cost plus two per cent net of any income charged to organisations outside the group. Through continued prudent financial management, the parent company again performed within budget last year. As a result, we provided a modest refund of service charges to Group members.

2000



June - Longhurst Group registers with Housing Corporation

August - East Northamptonshire Housing Ltd agrees to join Group structure

2001



February - Group helps East Northamptonshire Housing to achieve stock transfer and register as social landlord

April - Full operation of Group structure achieved

September - Keystone Developments (LG) Ltd formed

2002



December - Keystone concludes negotiations and loan agreement with Longhurst Homes for first major project

2003



October - Havelok Homes joins Longhurst Group

2004



January - East Northamptonshire Housing becomes Spire Homes (LG) Ltd achieved

2005



April - Longhurst Group signs partnering agreement with the Housing Corporation. Longhurst Group and Nottingham Community Housing Association jointly creates development consultancy POD LLP

November - Longhurst Group and Longhurst Homes move to new head office in Boston

2006



March - Housing Corporation offers Group new partnering agreement. POD achieves all performance targets in its first full year of trading

April - Longhurst Group forms Blue Skies Consortium with Nottingham Community Housing Association and 13 other partners

2007



May - Friendship Care and Housing joins Group

2008



2009



Strategy and Objectives

The Group's strategic objectives are considered annually as part of the business planning process. In early 2009 the Group Board agreed key objectives for the year ahead, and strategies that we believe will help to achieve those objectives.

The key objectives for Longhurst Group for 2009/2010, and our agreed strategies for achieving business success, are summarised in the table below.

Area	Objective	Strategy
Growth	To expand the stock of group member companies from 5,000 to 7,000 homes and increase the overall Group size to 25,000 homes within five years	<ul style="list-style-type: none"> Seek new transfers of stock to existing or new member companies, where there are like-minded partners and a genuine desire to engage Bid for one-off management contracts in the Group's areas of activity, provided they are of adequate scale, offer long-term opportunities for business growth and achieve efficiency savings Deliver on the development targets within operating companies' business plans
	To develop new retirement housing schemes and other market related development opportunities through Keystone Developments (LG) Ltd	<ul style="list-style-type: none"> Maintain awareness of market conditions and identify best timing to resume development activity Identify potential sites for development with full market search before entering into any commitments Ensure appropriate funding facilities are in place
	To deliver Group targets on the 2008-11 programme and retain preferred partnership status with the Homes and Communities Agency	<ul style="list-style-type: none"> Regular monitoring and review by Group development team Keep Homes and Communities Agency up-to-date with scheme progress Regular review of targets and performance within the whole consortium Monitor grant levels and funding mechanisms Identify best ways of working in partnership to secure funding and develop homes Explore new and innovative ways to develop across the Group
Improved performance	To support Group members in maintaining and improving performance across key business areas	<ul style="list-style-type: none"> Identify performance improvements that will benefit the whole Group Explore options that will help member companies to work together more effectively – generating cost savings, freeing up resources or leading to improved ways of working Participate in benchmarking clubs and take note of best practice Implement a new procurement group, ensuring that value for money is integrated into performance frameworks
	To reduce costs and improve efficiency across the Group	<ul style="list-style-type: none"> To identify and explore options for member companies to collaborate, including IT To increase stock levels within member companies' ownership, and achieve reduced unit costs
Communication	To enhance communication, ensuring that customer feedback and choice influences service delivery across the Group, and underpins everything we do	<ul style="list-style-type: none"> Ensure that tenant Board members continue to influence the work of Longhurst Group and its member companies Involve the Group's customers in performance reviews Ensure that service standards reflect customer expectations and choice, in line with the Tenant Services Authority's emerging framework Share best practice on community involvement and regeneration across the Group, giving all tenants an opportunity to get involved in line with their preferred methods of engagement and amount of time available to contribute

Operating Review

Performance in Period – Parent Company

	Turnover		Operating Surplus	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Development	1,403	1,241	81	-
General Management	515	477	18	29
Health & Safety	136	132	23	17
ICT	1,116	1,049	(15)	30
Marketing	416	406	29	27
Human Resources	697	683	44	36
Group Financial Services	359	284	11	35
Other	41	53	41	53
	4,683	4,325	232	227

Financial management

Longhurst Group turnover and operating surplus performance for 2008/09 are shown in the above table.

The continued instability of the money markets in 2008/09 has continued to make a major impact on the housing and development sectors. At the end of 2008/09 there were historically low base interest rates, but much higher margins on lending. Lenders have also become much more cautious. This means that borrowing has become harder to arrange and more expensive, both for businesses and individual customers applying for mortgages.

The economic recession has reversed the higher levels of inflation characteristic in recent years, leading to the Government increasing money supply. If the predicted recovery occurs in late 2009, this may spark a quick return to inflation and potentially higher interest rates.

The prevailing economic conditions should ensure continuing high demand for Longhurst Group's rented housing stock. At the same time, demand for home purchase options is expected to fall. This means that income from the Group's sale and other development activities may be relatively restricted – reinforcing the need to contain costs in future

years. Where the need for extra resources is identified, the Group will fund these through efficiency controls, restructuring and demonstrating creativity in its new business development.

The Group also remains concerned about the long-term economic impact of high energy, oil and food prices for customers. These factors disproportionately affect people on low and fixed incomes; so we expect that rental accounts may be under pressure in future and are planning for this possibility. The collapse of several major British financial institutions and subsequent rescue by the government has created unprecedented levels of public debt. This suggests difficult times ahead for public funding.

The review of the local authority subsidy system signifies changes on the horizon. We are now exploring the potential impacts on our business, and potential opportunities which this presents for the Group.

Risk Management

Longhurst Group and its member companies pay serious attention to managing risk as part of the business. This is an important part of our work and our senior managers regularly review and update key risks. We hold the view that good business

practice involves both avoiding unnecessary or preventative risks and actively managing risks as part of general business activity.

Any new areas of business or major projects are individually risk-assessed and reported to the Board in advance of activity being commenced. This involves a prudent financial assessment of proposed activity, sensitivity analysis on prevailing circumstances and consideration whether insurance or other risk-reducing mechanisms are required.

The Group has developed robust systems for identifying and evaluating risks. We map all identified risks and put control and monitoring mechanisms in place to assess their likelihood and potential impact. Our internal 'traffic light system' uses colour-coded lights to signify things that need managing closely or protective action.

Last year, the Group reviewed and updated its risk map and the methods by which we report to the Board. This process was also adopted in member companies. Further improvements to the risk strategy have been made, and we are now piloting a new IT system for monitoring and updating risk management. Quarterly Board reports are also produced outlining the 'top 10' main risks faced by the Group. The risks shown below are those prioritised by the Group for the year ahead.

1. The volume of institutional and legislative change in the sector, which requires us to manage relationship with new powerful bodies and local government interests.
2. The continued volatility of financial markets will bring increased cost and uncertainty.
3. Housing sales strategies have already been reviewed and our new Group-wide Home Ownership service will focus resources and performance targets. We will also review our financial strategies to cope with potential costs.
4. Keystone Developments will carefully review all pipeline schemes and reassess each project in the light of market conditions.

Changing landscape

The advent of the Homes and Communities Agency (HCA) and Tenant Services Authority has essentially changed the landscape of the social housing sector.

This represents both opportunities and challenges for Longhurst Group.

Homes and Communities Agency (HCA)

Early indications show that our work with the HCA is going well, and we've been encouraged by its flexibility and positive approach. At the same time, the increased number of HCA partners means that competition for resources will increase, and funding levels potentially reduce, in future.

Given the Group's growth aspirations, this represents an opportunity to maintain and even increase our strong links with partners across the regions. Customer relationship management has always been a clear priority for the Longhurst Group and in this sense, we have the best of both worlds – member companies with a strong local presence, and a collective structure that delivers efficiencies and shared expertise.

Tenant Services Authority (TSA)

Longhurst Group member companies have taken an active part in the TSA's 'National Conversation' with customers during the year. We expect more robust and relevant standards to emerge in the months ahead, as the regulator develops its role.

The Group welcomes this challenge. Our New Business Strategy includes an 'excellence agenda', to be embedded within the Group structure and overseen by a Director of Excellence. This role will include driving forward performance standards, ensuring effective benchmarking and developing services and systems across member companies.

Care and support

Over time there is a risk that funding for particular supported housing and care services provided by the Group could decline as a consequence of local reviews by commissioning authorities. In addition, there are uncertainties about the national funding prospects for such provision. Nonetheless there is no doubt that with growing demand for services from older people and others there will be opportunities for new services too. Some Group members are reliant on these sources of funding and so we need to take account of how support services will be affected as resourcing changes.

Report of the independent auditors

We have audited the financial statements of Longhurst Group Limited for the year ended 31 March 2009 on pages 23 to 52 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 30 to 31.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the 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 directors' responsibilities on page 12. 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 (as amended by the Housing Act 2004) and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if the Company has not kept proper accounting records, if the Company has not maintained a satisfactory control over its transactions, and if we have not received all the information and explanations which are necessary for the purpose of our audit.

We read information contained in the Report of the Board and the Operating and Financial Review and consider whether it is consistent with the audited financial statements. 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 opinion

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

We planned and performed our audit so as to obtain all the information and explanations which are considered necessary in order to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularities or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 the affairs of the Group and the Company as at 31 March 2009 and of their results for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985, Schedule 1 of the Housing Act 1996 (as amended by the Housing Act 2004) and the Accounting Requirements for Registered Social Landlords General Determination 2006; and
- The information given in the Report of the Board and the Operating and Financial Review is consistent with the financial statements.

Beever and Struthers

Chartered Accountants and Registered Auditors
St George's House
215/219 Chester Road
Manchester M15 4JE

Dated: 23 July 2009



Public performance

GROUP INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	Group 2009 £'000	Restated Group 2008 £'000
Turnover	2a	67,074	74,785
Less: Cost of Sales	2a	(4,329)	(11,090)
Operating costs	2a	(52,061)	(50,181)
Operating Surplus		10,684	13,514
Surplus on sale of assets not developed for outright sale	23	1,274	1,938
Interest receivable and other income	6	279	576
Interest payable and similar charges	7	(11,926)	(12,290)
Surplus on Ordinary Activities before Taxation	8	311	3,738
Tax on surplus on ordinary activities	9	41	(309)
Surplus for the Year	19	352	3,429

All the above amounts relate to continuing activities. There is no difference between the surplus on ordinary activities before taxation and the retained surplus for the year stated above, and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2009

	Note	Group 2009 £'000	Group 2008 £'000
Surplus for the year		352	3,429
Prior year adjustment	19 & 29	6,271	-
Actuarial loss on defined benefit pension scheme liability		(74)	(419)
Total surpluses and deficits recognised since the last annual report		6,549	3,010

The notes on pages 28 to 52 form an integral part of these financial statements.

	Note	Holding Company 2009 £'000	Holding Company 2008 £'000
Turnover	2b	4,683	4,325
Less: Operating costs	2b	(4,451)	(4,098)
Operating Surplus		232	227
Deficit on sale of assets not developed for outright sale	23	-	(22)
Interest receivable and other income	6	21	38
Interest payable and similar charges	7	(3)	-
Surplus on Ordinary Activities before Taxation	8	250	243
Tax on surplus on ordinary activities	9	(8)	(78)
Surplus for the Year	19	242	165

There is no difference between the surplus on ordinary activities before taxation and the retained surplus for the year stated above, and their historical cost equivalents.

All the above amounts relate to continuing activities.

The notes on pages 28 to 52 form an integral part of these financial statements.

	Note	Group 2009 £'000	Group 2008 £'000
Fixed Assets			
Housing Properties	10a	460,113	421,109
Less: Social Housing Grant	10a	(245,567)	(228,321)
		214,546	192,788
Other fixed assets	10b	14,480	14,446
		229,026	207,234
Current Assets			
Stock and work in progress	11	5,163	6,658
Debtors	12	8,050	5,896
Investments	26	2,016	1,015
Cash at bank and in hand		14,558	12,537
		29,787	26,106
Creditors: Amounts falling due within one year	13	(16,397)	(17,014)
Net Current Assets		13,390	9,092
Total Assets Less Current Liabilities		242,416	216,326
Creditors: Amounts falling due after more than one year	14	228,469	202,773
Net Pension Liability	16	1,539	1,423
Capital and Reserves			
Designated reserves	18	1,100	1,000
Revenue reserve	19	11,308	11,130
		12,408	12,130
		242,416	216,326

The notes on pages 28 to 52 form an integral part of these financial statements. The financial statements were approved by the Audit Committee on 23 July 2009 under delegated authority from the Board on 21 July 2009 and were signed on its behalf by:

Director

Director

Secretary Mr R V Walder

	Note	Holding Company 2009 £'000	Holding Company 2008 £'000
Fixed Assets			
Other fixed assets	10b	277	303
		277	303
Current Assets			
Debtors	12	804	521
Cash at bank and in hand		403	377
		1,207	898
Creditors: Amounts falling due within one year	13	(756)	(715)
Net Current Assets		451	183
Total Assets Less Current Liabilities		728	486
Capital and Reserves			
Designated reserves	18	100	-
Revenue reserve	19	628	486
		728	486

The notes on pages 28 to 52 form an integral part of these financial statements.

The financial statements were approved by the Audit Committee on 23 July 2009 under delegated authority from the Board on 21 July 2009 and were signed on its behalf by:

Director

Director

Secretary Mr R V Walder

	Note	Group 2009 £'000	Restated Group 2008 £'000
Net cash inflow from operating activities	1	14,885	23,440
Returns on investments and servicing of finance	2	(11,379)	(12,103)
Taxation	3	(265)	(144)
Net Capital Expenditure	4	(25,578)	(14,627)
		(22,337)	(3,434)
Management of liquid resources	5	(1,001)	1,500
Financing	6	25,359	4,824
Net cash inflow		2,021	2,890

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

1. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities	2009	Restated
	£'000	2008
		£'000
Operating surplus	10,684	13,514
Depreciation charges	2,435	2,360
Change in debtors	(2,213)	299
Deficit on sale of other fixed assets	24	37
Change in creditors	(1,591)	1,542
Change in stock & WIP	1,495	(3,026)
Cost of sale from disposal of first tranche	4,051	8,714
	<hr/> 14,885	<hr/> 23,440
2. Returns on Investment and Servicing of Finance	2009	2008
	£'000	£'000
Interest Received	212	483
Interest Paid (including capitalised interest)	(11,591)	(12,586)
	<hr/> (11,379)	<hr/> (12,103)
3. Taxation	2009	2008
	£'000	£'000
Tax paid	(265)	(144)
4. Net Capital Expenditure	2009	2008
	£'000	£'000
Acquisition and construction of housing properties	(45,112)	(24,504)
Capital grants received	18,250	6,001
Purchase of other fixed assets	(980)	(1,274)
Sale of other tangible assets	16	1,353
Sale of housing properties	3,223	4,207
Cost of sale from disposal of housing properties	(975)	(410)
	<hr/> (25,578)	<hr/> (14,627)

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

5. Management of Liquid Resources

	2009	2008
	£'000	£'000
Balance at 1 April 2008	1,015	2,515
Balance at 31 March 2009	(2,016)	(1,015)
	(1,001)	1,500

6. Financing

	2009	2008
	£'000	£'000
Loans received	27,184	7,447
Loans repaid	(1,500)	(2,622)
Issue costs incurred	(325)	(1)
	25,359	4,824

7. Reconciliation to Net Cash Flow to Movement in Net Debt

	2009	2008
	£'000	£'000
Increase/(Decrease) in cash in the period	2,021	2,890
Cash used to repay loans	1,500	2,622
Cash received from loans	(27,184)	(7,447)
Issue costs incurred	325	1
Amortisation of issue costs	(60)	(45)
Cash used to increase liquid resources	1,001	(1,500)
Change in net debt	(22,397)	(3,479)
Net debt at 1 April 2008	(187,918)	(184,439)
Net debt at 31 March 2009	(210,315)	(187,918)

8. Analysis of Changes in Net Debt

	At 31 March	Cashflows	Other	At 31 March
	2008	Changes	Changes	2009
	£'000	£'000	£'000	£'000
Cash and Bank	12,537	2,021	-	14,558
Debt due within one year	(1,518)	(832)	701	(1,649)
Debt due after one year	(199,952)	(24,612)	(676)	(225,240)
Current asset investments	1,015	1,000	1	2,016
Total	(187,918)	(22,423)	26	(210,315)

1 Accounting Policies

Introduction

The Company is incorporated under the Companies Act 1985 as a company limited by guarantee without share capital and is registered with the Housing Corporation as a Registered Social Landlord as defined by the Housing Act 1996.

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and Statements of Recommended Practice of the United Kingdom. The accounts comply with the Companies Act 1985, Schedule 1 of the Housing Act 1996, the Accounting Requirements for Registered Social Landlords General Determination 2006 and the Statement of Recommended Practice for Registered Social Landlords 2008. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investments.

a) Basis of Consolidation

These financial statements are Group statements and have been prepared by consolidating the results of Longhurst Group Ltd and its subsidiary companies from 1 April 2008 to 31 March 2009.

b) Turnover

Turnover represents rental income receivable, fees and grants from local authorities and the Housing Corporation, and other income.

c) Depreciation

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

Housing Properties - 1% per annum on cost net of grant and land cost

Freehold Offices - Between 1% and 2% per annum on cost

Furniture and Fittings - 15% per annum on cost

Office Equipment - 20% per annum on cost

Motor Vehicles - 20% per annum on cost

Computer Equipment - 25% per annum on cost

d) Housing Properties

Housing properties included in fixed assets are stated at cost with only actual costs incurred in the acquisition, construction and improvement of housing properties being capitalised. The Group has undertaken an annual impairment exercise over all its properties with a useful life of greater than 50 years and this has not resulted in any reduction in the value of fixed assets at the present time. Where developments have been financed wholly or partly by Social Housing Grant, the net cost of properties in the balance sheet has been reduced accordingly.

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

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset. The remaining element of the shared ownership property is accounted for as a fixed asset. This is a change in accounting policy.

e) Major Repairs

Major repairs expenditure of a capital nature has been capitalised in line with note 1 (m).

Major repairs expenditure of a revenue nature is reflected in the income and expenditure account together with any related grant funding.

f) Loan Issue Costs

In order to comply with FRS 4 the Group writes off its costs of obtaining loans over the period of those loans.

g) Social Housing Grant

Where developments have been financed wholly or partly by Social Housing Grant, the cost of those developments has been reduced by the amount of the grant received.

Social Housing Grant received for items of cost written off in the Income and Expenditure Account are matched against those costs as part of turnover.

Social Housing Grant is repayable in certain circumstances and in that event is a subordinated, unsecured, repayable debt.

The net housing association grant received and not spent is included in current liabilities, taking into account all properties under construction.

Social Housing Grant can be recycled by the Group under certain conditions, if a property is sold or another relevant event takes place. In these cases, the Social Housing Grant can be used for projects that meet the requirements of the Housing Corporation's Capital Funding Guide. However, Social Housing Grant may have to be repaid if certain conditions are not met.

h) Capitalisation of Interest and Administration Costs

Interest on loans financing development is capitalised up to date of the completion of the scheme and only when development activity is in progress.

Specific administration costs relating to development activities are capitalised based on an apportionment of the management time spent on this activity. Non specific administration costs relating to the development department have not been capitalised.

i) Service charge sinking fund

These are contained within the creditors note.

j) VAT

The Company is registered for VAT. All amounts disclosed are inclusive of VAT. Any recovery of VAT is included within turnover.

k) Properties managed by agents

Where the Group carries the financial risk on property managed by agents all income and expenditure from the property is included in the Income and Expenditure Account. Where the Agency carries the risk, the income and expenditure account includes income and expenditure which relates solely to the Group.

l) Sale of housing properties

Properties developed for outright sale are included in turnover and cost of sales. Properties not developed for outright sale are divided into first tranche sales and other sales. The appropriate proportion of costs of housing properties that are built with the intention of full or partial sale, including equity share and shared ownership properties, are disclosed as current assets and stated at the lower of cost or net realisable value. The Group undertakes an annual review of the carrying value all its properties available for sale.

First tranche sales proceeds and the relative proportion of the property cost are recognised in turnover and cost of sales respectively. Subsequent tranches are not included within turnover and cost of sales but are shown as a separate item after the operating surplus in the income and expenditure account. All other sales of fixed asset properties are dealt with in this way.

Where a property is part of a distinct development scheme with mixed tenure elements, the surplus recognised on the elements sold is limited to the surplus calculated on the entire scheme. For the elements that are retained as fixed assets, the surplus or deficit is calculated by reference to the assets' existing use value for social housing.

m) Improvements to properties

The Group capitalises expenditure on housing properties that results in an increase in rental income over the life of the property. This increase may be a result of an increase in rental income, reduction in maintenance costs or significant extension of the life of the property.

n) Leased Assets

Within the housing stock of Longhurst Homes Limited there are a number of properties held on short-term leases. The lease costs are written off to the income and expenditure account as incurred.

o) Pension Scheme

The Group operates three defined benefit schemes. As the Pensions Trust is unable to

identify the Group's underlying share of assets and liabilities, the Group has therefore accounted for contributions made to the Social Housing Pension Scheme as if it were a defined contribution scheme. In respect of the pension schemes with Northamptonshire County Council and Leicestershire County Council, the liabilities are shown in the accounts in line with FRS17.

p) Deferred Tax

The Group accounts for deferred tax in line with the requirement of FRS19. A deferred asset is only recognised on the basis of available evidence where it is more likely than not that there will be taxable profits in the future, against which a deferred tax asset will be offset.

q) Stock and Work In Progress

Stock and work in progress are stated at the lower of cost and net realisable value.

r) Current Asset Investments

Current asset investments are included in the Balance Sheet at Market Value.

s) Corporation Tax

The Group pays corporation tax at the rate applicable at 31 March 2009.

t) Support Income and Costs including Supporting People Income and Costs

Supporting People (SP) contract income from administering authorisations is accounted for as SP income in turnover in note 2. The related support costs are matched against income on the same note.

u) Designated Reserves

A mixed funded major repairs reserve has been established to provide for the cost of future major repairs on properties developed with fixed SHG following the Housing Act 1988.

v) Operating Leases

Rentals paid under operating leases are charged to the Income and Expenditure Account as incurred.

w) Prior Year Adjustment for SORP 2008

The Statement of Recommended Practice (SORP) for Registered Social Landlords has been updated for periods commencing on or after 1 April 2008. The previous SORP required that the first tranche sale proceeds on shared ownership properties were credited to fixed asset housing property costs. The SORP 2008 treatment requires the cost of development of the property in respect of first tranches be reclassified from fixed assets to current assets and for a surplus or deficit on first tranche sales to be reflected in the income and expenditure account. The adoption of the SORP 2008 has resulted in a prior year adjustment to revenue reserves, shared ownership housing properties as fixed assets and current assets, as well as turnover and cost of sales. (see note 29)

2a. Particulars of turnover, operating costs and operating surplus - Group

	2009			
	Turnover	Cost of	Operating	Operating
	£'000	Sales	Costs	(Deficit)/Surplus
	£'000	£'000	£'000	£'000
Income and Expenditure from				
Social Housing Lettings	52,518	-	41,839	10,679
Other Social Housing Activities				
Managed operations	2,070	-	2,074	(4)
Supporting People Contract Income	3,060	-	2,620	440
Development – Other	702	-	1,337	(635)
Development – First Tranche Sales	4,680	4,057	140	483
Management Services	598	-	972	(374)
Other Activities	993	-	826	167
	12,103	4,057	7,969	77
Income and Expenditure from				
Non-Social Housing Activities				
Sales of properties	229	272	-	(43)
Lettings	193	-	135	58
Community Based Activities	1,391	-	1,411	(20)
Design and Build Agreements	-	-	-	-
Other	640	-	707	(67)
	2,453	272	2,253	(72)
Total	67,074	4,329	52,061	10,684

2a. Particulars of turnover, operating costs and operating surplus - Group

	Restated 2008			
	Turnover	Cost of	Operating	Operating
	£'000	Sales	Costs	(Deficit)/Surplus
	£'000	£'000	£'000	£'000
Income and Expenditure from				
Social Housing Lettings	50,815	-	38,238	12,577
Other Social Housing Activities				
Managed operations	1,567	-	1,640	(73)
Supporting People Contract Income	3,356	-	2,887	469
Development – Other	1,292	-	2,270	(978)
Development – Outright Sales	1,139	-	989	150
Shared Ownership First Tranche Sales	10,558	8,714	-	1,844
Management Services	747	-	1,217	(470)
Other Activities	1,184	-	1,254	(70)
	19,843	8,714	10,257	872
Income and Expenditure from				
Non-Social Housing Activities				
Sale of properties	2,605	2,376	-	229
Lettings	186	-	123	63
Community Based Activities	1,122	-	1,276	(154)
Other	214	-	287	(73)
	4,127	2,376	1,686	65
Total	74,785	11,090	50,181	13,514

2b Particulars of turnover, operating costs and operating surplus - Holding Company

	2009		
	Turnover	Operating	Operating
	£'000	Costs	(Deficit)/Surplus
		£'000	£'000
Other Social Housing Activities			
Development	1,403	1,322	81
General Management	515	497	18
Health & Safety	136	113	23
IT	1,116	1,131	(15)
Marketing	416	387	29
Human Resources	697	653	44
Group Financial Services	359	348	11
Other	41	-	41
	4,683	4,451	232

2b Particulars of turnover, operating costs and operating surplus - Holding Company

	2008		
	Turnover	Operating	Operating
	£'000	Costs	(Deficit)/Surplus
		£'000	£'000
Other Social Housing Activities			
Development	1,241	1,241	-
General Management	477	448	29
Health & Safety	132	115	17
IT	1,049	1,019	30
Marketing	406	379	27
Human Resources	683	647	36
Group Financial Services	284	249	35
Other	53	-	53
	4,325	4,098	227

3a Particulars of Income and Expenditure from Social Housing Lettings - Group

	2009					2009 Total £'000	2008 Total £'000
	General Needs £'000	Supported Housing and Housing for older people £'000	Care Homes £'000	Residential Care Homes £'000	Low Cost Home Ownership £'000		
Income							
Rents receivable net of identifiable void losses	37,023	3,117	2,722	1,363	44,225	43,501	
Charges for Support Services	218	561	-	-	779	770	
Service charges	1,461	948	46	265	2,720	2,325	
Net rents receivable	38,702	4,626	2,768	1,628	47,724	46,596	
Revenue grants from the Housing Corporation	65	10	-	8	83	-	
Revenue grants from Local Authorities and other agencies	-	238	3,901	-	4,139	3,782	
Major Repair Grant from RCGF	572	-	-	-	572	437	
Turnover from social housing lettings	39,339	4,874	6,669	1,636	52,518	50,815	
Expenditure							
Management	7,086	866	746	422	9,120	8,479	
Services	3,477	1,820	5,750	90	11,137	10,080	
Routine Maintenance	8,246	606	104	9	8,965	9,400	
Planned Maintenance	2,467	152	27	2	2,648	1,959	
Major repairs	6,505	183	18	-	6,706	5,870	
Bad debts	585	14	68	-	667	588	
Property Lease costs	436	-	-	-	436	461	
Property Depreciation	1,334	34	49	36	1,453	1,371	
Write down of Current Assets	-	-	-	297	297	-	
Lease amortisation	117	-	-	-	117	30	
Other Costs	35	59	-	199	293	-	
Operating Costs on social housing lettings	30,288	3,734	6,762	1,055	41,839	38,238	
Operating Surplus/(Deficit) on social housing lettings	9,051	1,140	(93)	581	10,679	12,577	
Void Losses	317	152	89	-	558	937	

3b Particulars of Income and Expenditure from Social Housing Lettings - Holding Company

The Parent Company does not own any assets for letting

4 Directors Emoluments

Directors are the Board Members identified on Page 3 and Executive Officers who are employed by the Longhurst Group Ltd on Page 3. The remuneration paid to the Directors of the Group was:-

	2009	2008
	£'000	£'000
Emoluments: (including pension contributions and benefits in kind):		
Board Members	18	18
Executive Officers	249	211
<hr/>		
Emoluments:		
Amounts paid to: the Highest Paid Director (The Chief Executive), excluding pension contributions	130	116
<hr/>		
Expenses		
Total expenses reimbursed not chargeable to UK income tax:		
Executive Officers	2	3
Board Members	4	3
	<hr/>	<hr/>
	6	6

The Chief Executive is an ordinary member of the SHPS Pension Scheme. The pension scheme is a final salary scheme funded by annual contributions from employer and employee. No special terms apply. A contribution by the Association of £16,047 (2008: £14,190) was paid in addition to the personal contribution of the Chief Executive.

5 Employee Information

	Group		Holding Company	
	2009	2008	2009	2008
	No.	No.	No.	No.
The average weekly number of employees (including the Chief Executive) expressed in full-time equivalents during the year was:				
Office Staff	401	381	77	67
Wardens, caretakers and cleaners	438	467	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	839	848	77	67
<hr/>				
Employment costs	£'000	£'000	£'000	£'000
Wages and salaries	17,562	17,261	2,213	1,976
Social security costs	1,295	1,286	202	172
Other pension costs	1,003	956	173	164
	<hr/>	<hr/>	<hr/>	<hr/>
	19,860	19,503	2,588	2,312

6 Interest Receivable and Other Income

	Group		Holding Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank and Building Society Interest	279	576	21	38

7 Interest Payable and Similar Charges

	Group		Holding Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Loans due within one year	13	-	-	-
Other funding costs	8	40	3	-
Capitalised interest	(818)	(445)	-	-
Repayable within 5 years	683	144	-	-
Repayable wholly or partly in more than 5 years by instalments	11,912	12,482	-	-
Interest on RCGF	68	17	-	-
Issue costs amortised	60	52	-	-
	11,926	12,290	3	-

A weighted average rate on Group borrowings of 5.66% was used for calculating capitalised interest (2008: 6.03%)

8 Surplus/(Deficit) on Ordinary Activities before Taxation

This is stated after charging/(crediting):-

	Group		Holding Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Depreciation				
Tangible owned Fixed Assets	2,435	2,330	194	248
Tangible leased Fixed Assets	-	30	-	-
Auditors' Remuneration (inclusive of VAT)				
In their capacity as auditors	84	82	9	8
In respect of other services	12	29	9	26
Lease charges re HAMA/Shortlife properties	548	461	-	-
(Surplus)/Deficit on disposal of Fixed Assets	(1,274)	(1,938)	-	22

8 Surplus/(Deficit) on Ordinary Activities before Taxation (continued)

Operating Leases

As at 31st March 2009 the Group had annual commitments under operating leases as set out below:

Group	Land & Buildings £'000	Vehicles £'000	2009 Total £'000	2008 Total £'000
Leases Expiring				
Less than one year	70	63	133	138
Between one and five years	156	313	469	498
Over five years	46	4	50	176
	272	380	652	812
Holding Company				
Leases Expiring				
Less than one year	-	40	40	29
Between one and five years	-	121	121	86
Over five years	-	-	-	-
	-	161	161	115

9 Taxation on Surplus/(Deficit) on Ordinary Activities

(a) Analysis of charge in the year

	Group		Holding Company	
The tax on the surplus/(deficit) on ordinary activities for the year was as follows:	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current Tax				
UK Corporation Tax charge for the year	-	314	-	83
Under/(over) provision in earlier year	(49)	1	-	1
Total current tax	(49)	315	-	84
Deferred tax:				
Origination and reversal of timing differences	8	(6)	8	(6)
Tax on surplus/(deficit) on ordinary activities	(41)	309	8	78

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

9 Taxation on Surplus on Ordinary Activities
(b) Factors affecting tax charge for the period

	Group		Holding Company	
	2009 £'000	Restated 2008 £'000	2009 £'000	2008 £'000
Surplus/(Deficit) on ordinary activities before tax	311	3,738	250	243
Surplus/(Deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	87	1,121	70	73
Effects of:				
Profits arising on non taxable charitable entities	(679)	(1,063)	-	-
Expenses not deductible for tax purposes (primarily property depreciation and capital items included in expenditure)	444	178	7	4
Movement on deferred tax other fixed assets	(6)	(1)	(8)	6
Rollover relief/Indexation on profit on disposal of property	(2)	(104)	-	-
Adjustments to tax charge in respect of previous periods	(49)	1	-	1
Increase in losses c/fwd	215	239	-	-
Marginal relief	-	-	-	-
Group relief surrendered free of charge	-	-	(69)	-
Capitalised interest	(53)	(62)	-	-
Reduced tax rates	-	-	-	-
Utilisation of tax losses	-	-	-	-
Other short term timing differences	(6)	6	-	-
Actuarial loss (included in STRGL)	-	-	-	-
Current tax charge for the year	(49)	315	-	84

(c) Factors that may affect future tax charges

No provision has been made for deferred tax gains recognised on the sale of properties in the subsidiary company Spire Homes (LG) Limited where taxable gains have been rolled over into replacement assets. Such tax would become payable only if the properties were sold without it being possible to claim rollover relief. The total amount unprovided for is £819,000 (31/3/08 - £816,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

The subsidiary company Spire Homes (LG) Limited has not recognised a deferred tax asset of £8,709,000 as at 31 March 2009 (£8,723,000 - 31.3.08). This asset, has not been recognised in the financial statements by the Board as they are of the opinion that the level of profits in the future will not exceed the losses being created during the significant refurbishment phase on the current housing stock.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

10a Fixed Assets Group	Completed Shared Ownership Properties £'000	Shared Ownership Properties Under Construction £'000	Housing Properties Held for Letting £'000	Housing Properties Under Construction £'000	Total Housing Properties £'000
Cost					
At 1 April 2008					
as previously reported	25,218	7,620	380,952	18,308	432,098
Prior year adjustment (Note 29)	2,557	(1,608)	-	-	949
At 1 April 2008 (Restated)	27,775	6,012	380,952	18,308	433,047
Additions	48	9,460	609	31,789	41,906
Capitalised Repairs	-	-	830	-	830
Disposals	(808)	(92)	(1,272)	-	(2,172)
Transfers	1,005	(1,756)	(1,498)	2,249	-
Completed in Year	2,438	(2,438)	34,587	(34,587)	-
At 31 March 2009	30,458	11,186	414,208	17,759	473,611
Capital Grants					
At 1 April 2008	12,903	1,938	205,094	8,386	228,321
Received	-	2,548	35	15,484	18,067
Disposals	(145)	-	(676)	-	(821)
Transfers	599	(815)	7,340	(7,124)	-
Completed in Year	87	(87)	2,379	(2,379)	-
At 31 March 2009	13,444	3,584	214,172	14,367	245,567
Depreciation					
At 1 April 2008	281	-	11,657	-	11,938
Charged in Year	78	-	1,495	-	1,573
Disposals	(3)	-	(10)	-	(13)
At 31 March 2009	356	-	13,142	-	13,498
Net Book Value at					
31 March 2009	16,658	7,602	186,894	3,392	214,546
At 1 April 2008 (Restated)	14,591	4,074	164,201	9,922	192,788

Expenditure on works to existing properties

	Group	
	2009 £'000	2008 £'000
Amounts Capitalised	830	888
Amounts charged to Income & Expenditure Account	6,706	5,870
	7,536	6,758

The Net Book Value of these properties is made up as follows:

	Group	
	2009 £'000	Restated 2008 £'000
Freehold	211,246	189,462
Long Leases	2,592	2,592
Short Leases	708	734
	214,546	192,788

10b Fixed Assets Group (continued)

	Scheme Furnishings and Equipment £'000	Freehold Offices £'000	Computer Equipment £'000	Motor Vehicles £'000	Office Furnishings and Equipment £'000	Total other Fixed Assets £'000
Cost						
At 1 April 2008	895	14,132	4,391	381	1,039	20,838
Transfers	16	(26)	12	-	(2)	-
Additions	220	199	554	1	45	1,019
Disposals	(24)	(147)	(435)	(84)	(183)	(873)
At 31 March 2009	1,107	14,158	4,522	298	899	20,984
Capital Grants						
At 1 April 2008 and 31 March 2009	-	150	-	-	-	150
Depreciation						
At 1 April 2008	420	1,205	3,544	293	780	6,242
Charged in Year	127	159	462	32	81	861
Disposals	(21)	(32)	(434)	(84)	(178)	(749)
At 31 March 2009	526	1,332	3,572	241	683	6,354
Net Book Value						
At 31 March 2009	581	12,676	950	57	216	14,480
At 1 April 2008	475	12,777	847	88	259	14,446

10b Fixed Assets Holding Company

	Computer Equipment £'000	Office Furnishings and Equipment £'000	Total other Fixed Assets £'000
Cost			
At 1 April 2008	1,633	61	1,694
Additions	160	8	168
At 31 March 2009	1,793	69	1,862
Depreciation			
At 1 April 2008	1,348	43	1,391
Charged in Year	185	9	194
At 31 March 2009	1,533	52	1,585
Net Book Value			
At 31 March 2009	260	17	277
At 1 April 2008	285	18	303

11 Stock and Work in Progress

	Group Restated		Holding Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Properties held for sale completed	3,503	2,404	-	-
Properties held for sale in course of construction	1,644	4,239	-	-
Consumable Stocks	16	15	-	-
	5,163	6,658	-	-

12 Debtors

	Group		Holding Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Rental Debtors	3,671	3,624	-	-
Less: Provision for Bad Debts	(1,262)	(1,159)	-	-
	2,409	2,465	-	-
Social Housing Grant receivable	2,279	1,307	-	-
Amounts due from Group companies	-	-	316	110
Amounts due from Agents	1	3	-	-
Prepayments and accrued income	1,469	871	393	165
Deferred Tax	94	103	94	103
Other Debtors	1,798	1,147	1	143
	8,050	5,896	804	521

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Group		Holding Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
13 Creditors: Amounts falling due within one year				
Loan Capital due within 1 year	1,649	1,518	-	-
Loan Interest Creditors	1,755	1,819	-	-
Trade Creditors	2,310	2,519	403	194
Amounts due to Group companies	-	-	220	263
Other Creditors	3,961	3,600	-	-
Rents received in advance	924	1,120	-	-
Taxation & Social Security	607	538	125	125
Capital Expenditure	929	812	-	9
Corporation Tax	-	315	-	84
Recycled Capital Grant Fund & Disposal Proceeds Fund (note 24)	395	439	-	-
Social Housing Grant	-	87	-	-
Accruals and deferred income	3,867	4,247	8	40
	16,397	17,014	756	715

Included within other creditors is the service charge sinking fund which totalled £2,088k at the 31 March 2009, (2008: £2,089k)

	Group		Holding Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
14 Creditors: Amounts Falling Due After More Than One Year				
Loans	225,240	199,953	-	-
Recycled Capital Grant Fund (note 24)	3,229	2,820	-	-
	228,469	202,773	-	-

Loans from banks and building societies are secured by specific charges on the companies' housing properties. The loans are repayable at varying rates of interest. The average rate of interest at 31 March 2009 was 5.18% (2008: - 6.15%). The loans are repayable in instalments falling due as follows:

	Group		Holding Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
In less than one year	1,649	1,518	-	-
Within one to two years	2,308	1,592	-	-
Within two to five years	12,016	6,305	-	-
In more than five years	211,958	192,833	-	-
	227,931	202,248	-	-
Add: Loan Premium	13	17	-	-
Less: Issue costs	(1,055)	(794)	-	-
	226,889	201,471	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

15 Contingent Liabilities

At 31 March 2009 there were no known material contingent liabilities (2008: £nil)

	Group		Holding Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
16 Net Pension Liability				
Pension Scheme Commitments:				
Northamptonshire County Council (20)	1,452	1,442	-	-
Leicestershire County Council (20)	87	(19)	-	-
	1,539	1,423	-	-

	Group		Holding Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
17 Capital Commitments				
Capital expenditure contracted for but not provided for in the financial statements	31,606	30,120	-	-
Capital expenditure authorised by the Board but not yet contracted for	6,987	11,447	-	27
	38,593	41,567	-	27
These commitments are to be funded by:				
Social Housing Grant	11,595	15,214	-	-
Private Finance	26,998	26,353	-	27
	38,593	41,567	-	27

	Group	Holding Company
	2009	2009
	£'000	£'000
18 Designated Reserves		
At 1 April 2008	1,100	-
Transfer to/(from) designated reserves	100	100
At 31 March 2009	1,200	100

These reserves cover major repair expenditure associated with Housing Stock, developed since the 1988 Housing Act (£1m) and Group restructuring costs (£100k).

	Group	Holding Company
	2009	2009
	£'000	£'000
19 Revenue Reserves		
Revenue Reserves at 1 April 2008	4,859	486
Prior year adjustment (note 29)	6,271	-
Restated Reserves at 1 April 2008	11,130	486
Surplus for the year	352	242
Transfer to/(from) designated reserves	(100)	(100)
Adjustment to STRGL	(74)	-
At 31 March 2009	11,308	628

20 Pension Obligations

Pension Obligations Note - SHPS Scheme

Longhurst Group participates in the Social Housing Pension Scheme (SHPS). This Scheme is a multi-employer defined benefit scheme which is contracted out of the state scheme. Longhurst Group has elected to operate a final salary with a 1/60 accrual rate and the career average revalued earning with a 1/60 accrual rate benefit for active members as at 1 April 2007. For new entrants to the scheme from 1 April 2007, the career average revalued earnings structure is the only option available.

The Trustee of the SHPS scheme, commissions an actuarial valuation of the Scheme every 3 years using the projected unit credit method. The last formal valuation of the Scheme was at 30 September 2008. The market value of scheme's assets at this date was £1,527 million. This valuation revealed a shortfall in assets of £663 million when compared to the level of liabilities. This is equivalent to a past funding level of 70%.

During the year under review, Longhurst Group paid contributions at the rate of 11.7%. Contributions by members varied between 3.1% and 6.1% depending on their age. At the Balance Sheet date there were 44 active members of the scheme employed by Longhurst Group and the scheme remains open to new members.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is multi-employer scheme where the scheme assets are combined for investment purposes and benefits are paid from total scheme assets. Accordingly, as per the requirements of FRS 17, the accounting charge for the period under review represents the employer contribution payable. The financial assumptions underlying the valuation method were as follows:

Valuation Discount Rates	% pa
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

	% pa
Pre 88 GMP	0
Post 88 GMP	2.8
Excess over GMP	3.0

The valuation was carried out using the PA92C2025 mortality table for non-pensioners and the PA92C013 table for pensioners. The table below illustrates the assumed life expectancy in years, for pension scheme members at age 65, using the following mortality assumptions:

	Males	Females
Non-pensioners	20.4	23.3
Pensioners	19.4	22.4

The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of the future benefit accrual were assessed at:

Final salary with 1/70 accrual rate	15.4
Career average revalued earnings with a 1/60 accrual rate	14.9

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the scheme. The debt is due in the event of the employer ceasing to participate in the scheme, or the scheme winding up. The estimated amount of employer debt on withdrawal liability for Longhurst Group as at 30 September 2008 has been calculated as £39,337,000.

Growth Plan

Longhurst Group participates in the Pension Trust's multi-employers Growth Plan. The plan is funded and is not contracted out of the state scheme.

The rules of the Growth Plan state that the proportion of obligatory contributions, to be borne by the member and the member's employer, shall be determined by agreement between them. Longhurst Group paid contributions at the rate of 0% during the accounting period. Members paid contributions at varying rates during the accounting period. As at the Balance Sheet date, there were three active members of the plan employed by Longhurst Group.

Longhurst Group continues to offer membership of the plan to its employees.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The last formal valuation of the scheme was carried out 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 £742m, compared to past service liabilities of £771m. The valuation therefore revealed a shortfall in assets of £29m, equivalent to a funding level of 96%. The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% pa
Investment return pre-retirement	6.6
Investment return post-retirement	4.5
Bonuses on accrued benefits	0
Rate of price inflation	2.5

The mortality tables used in the valuation were the same as used for the Social Housing Pension Scheme.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plans liabilities. The Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time.

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the scheme, or the scheme winding up.

20 Pension Obligations - Spire Homes (LG) Limited

One of the Group's subsidiaries, Spire Homes (LG) Limited, participates in the Local Government Pension Scheme (LGPS) administered by Northamptonshire County Council and Leicestershire County Council. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. It is contracted out of the State Scheme. Both schemes are closed to new employees joining the company.

The current service cost on each scheme will increase as members approach retirement.

The Northamptonshire and Leicestershire Local Government Schemes are subject to triennial valuations by independent actuaries who determine contribution levels for participating organisations. The last such valuation on both Schemes was carried out as at 31 March 2007. The pension cost is assessed in accordance with advice from an independent professionally qualified actuary, using the projected accrued benefit method.

Northamptonshire County Council

For the year ending 31st March 2009, Spire Homes made pension contributions totalling £101,200 (2008: £130,417) covering 11 employees (2008: 14). Future contributions will be based on the outcomes of triennial valuations.

Leicestershire County Council

For the year ending 31st March 2009, Spire Homes made pension contributions totalling £31,924 (2008: £30,337) covering 8 employees (2008: 8). Future contributions will be based on the outcomes of triennial valuations.

The main financial assumptions adopted were:

Northamptonshire County Council

	2009 % Pa	2008 % Pa
Retail Prices Index	3.1	3.6
Increases in salaries	4.6	5.1
Increases in pensions and deferred pensions	6.4	7.1
Discount Rate	6.9	6.1

Leicestershire County Council

	2009 % Pa	2008 % Pa
Retail Prices Index	3.1	3.6
Increases in salaries	4.6	5.1
Increases in pensions and deferred pensions	6.6	7.2
Discount Rate	6.9	6.9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

The fair values of each main class of asset held by the fund at 31 March and the expected rate of return for the ensuing year are set out in the following table:

	2009 Fair Value	2008 Fair Value	2009 Expected Return %	2008 Expected Return %
Northamptonshire County Council				
Equities	1,356	1,860	7	7.5
Bonds	368	425	5.4	5.3
Property	136	186	4.9	6.5
Cash Liquidity	77	30	4	5.3
Total	1,937	2,500		
Leicestershire County Council				
Equities	324	370	7	7.7
Bonds	37	82	5.4	5.7
Property	49	40	4.9	5.7
Cash Liquidity	-	8	4	4.8
Total	410	500		

20 Pension Obligations - Spire Homes (LG) Limited

There is no provision for unitising the assets of a Fund under the Local Government Pension Scheme. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

	2009 £'000	2008 £'000
Northamptonshire County Council		
Fair value of the above assets that related to the Company	1,937	2,500
The value placed on the liabilities that related to the Company	(3,389)	(3,953)
As at 31 March the deficiency related to the Company	(1,452)	(1,453)
Leicestershire County Council		
Fair value of the above assets that related to the Company	410	500
The value placed on liabilities that related to the Company	(497)	(483)
As at 31 March the asset related to the Company	(87)	17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

A breakdown of the combined movement in the Northamptonshire County Council and Leicestershire County Council schemes is shown in the table below:	2009 £'000	2008 £'000
Deficit at the beginning of the year	(1,423)	(1,017)
Current service costs	(110)	(86)
Employers contributions	133	140
Past service/curtailment/settlement (Loss)/Gain	(6)	(56)
Net Interest/Return on Assets	(59)	15
Actuarial (Loss)/Gain	(74)	(419)
Deficit at the end of the year	(1,539)	(1,423)

An analysis of the combined charge to operating costs is shown in the table below:	2009 £'000	2008 £'000
Current Service Cost	(97)	(86)
Curtailment Loss	(6)	(56)
Total	(103)	(142)

A breakdown of the total amounts credited to finance income and amounts charged to finance costs, on both the Northamptonshire and Leicestershire County Council schemes is shown in the table below:	2009 £'000	2008 £'000
Net Expected return on assets	216	222
Interest on pension liabilities	(275)	(207)
Net Gain/(Loss)	(59)	15

20 Pension Obligations - Spire Homes (LG) Limited

	2009	2008
	£'000	£'000
The amounts recognised in the Statement of Total Recognised Gains and Losses is shown in the table below:		
Actual Return Less Expected Return on Pension Scheme Assets	(890)	(251)
Experience Gains and Losses arising on the Scheme Liabilities	-	(97)
Changes in assumptions underlying the present value of the Scheme Liabilities	816	(71)
	(74)	(419)

21 Accommodation in Management and Development as at 31 March 2009

	2009	2008
	£'000	£'000
Units in Management owned by the Group		
General Needs	10,048	10,883
Supported and Sheltered Housing	1,648	487
Shared Ownership	998	838
Care Homes	214	211
Hostel Accommodation	-	180
Leasehold Schemes for the Elderly	903	887
Total Social Housing Properties	13,811	13,486
Market Renting	12	12
Student Accommodation	45	45
Total Non-Social Housing	57	57
Units in Management on stock not owned by the Group	2,194	2,177
Total owned and managed	16,062	15,720

22 Units Managed by Agents:

At 31 March 2009 the Group owned 128 units which were managed by agents, (Holding Company: Nil).

23 Sale of Assets Not Developed for Outright Sale

Group

	Shared Ownership Staircasing £'000	Right To Buy and Voluntary Sales £'000	Other Fixed Assets £'000	Total 2009 £'000	Total 2008 £'000
Proceeds of Sale	527	2,404	313	3,244	5,594
Less: Cost of Sales	(341)	(1,313)	(316)	(1,970)	(3,656)
	186	1,091	(3)	1,274	1,938

Holding Company

	Shared Ownership Staircasing £'000	Right To Buy and Voluntary Sales £'000	Other Fixed Assets £'000	Total 2009 £'000	Total 2008 £'000
Proceeds of Sale	-	-	-	-	223
Less: Cost of Sales	-	-	-	-	(245)
	-	-	-	-	(22)

24 Recycled Capital Grant and Disposal Proceeds Fund

	Group 2009 Recycled Capital Grant Fund £'000	Group 2009 Disposal Proceeds Fund £'000
Opening Balance	3,164	95
Inputs/Outputs to:		
Grants Recycled	909	-
Interest Accrued	112	-
Grants used in major repairs	(561)	-
Closing Balance	3,624	95

25 Related Parties

There were no related party transactions for the year ended 31 March 2009. There were no tenants on the Board of Longhurst Group during the year ended 31 March 2009.

All transactions between the Group companies have been eliminated for the purpose of preparing the consolidated accounts.

Longhurst Group also has an equal share in a Limited Liability Partnership (LLP) with Lets Selects Limited. The LLP trades under the name of Partnership Opportunity Development (POD). For the year ending 31 March 2009, Longhurst Group provided services to POD under a service level agreement. These services totalled £218,333 and are included within the Longhurst Group turnover.

26 Investments (Group only)

At the 31 March 2009 there were investments totalling £2,016k (2008: £1,015k). This was made up of timed deposits held on the money market.

27 SHG Receivable

The total accumulated SHG received or receivable at the Balance Sheet date from capital or revenue sources was £253,212k (2008: £235,145k).

28 Group Subsidiaries

Longhurst Group Limited is the parent company of the Longhurst Group of companies. It provides services to the subsidiary companies within the Group and also receives services from its subsidiary companies.

The following companies are subsidiaries of Longhurst Group Ltd.

Longhurst Homes Limited

Registered under the Industrial & Provident Societies Act 1965, the principal activity of this company is the provision of social housing.

Spire Homes (LG) Limited

Registered under the Companies Act 1985, the principal activity of this company is the provision of social housing.

Home from Home (Lincs) Limited

Registered as a charity under the Companies Act 1985, the principal activity of this company is the provision of housing for disabled people.

Jubilee Teetotal Homes

Registered as a charity under the Industrial & Provident Societies Act 1965, the principal activity of this company is the provision of housing for elderly people.

Keystone Developments (LG) Ltd

Registered under the Companies Act 1985, the principal activity of this company is to build housing for sale.

Havelok Homes Limited

Registered under the Industrial & Provident Societies Act 1965, the principal activity of this company is the provision of social housing.

Friendship Care and Housing

Registered under the Industrial & Provident Societies Act 1965, the principal activity of this company is the provision of social housing.

All subsidiary companies are registered in England and Wales.

29 Prior Year Adjustment

Balance Sheet

Fixed Assets Adjustments 2008

	Shared Ownership Properties Completed £'000	Shared Ownership Properties Under Construction £'000
As previously stated at 31 March 2008	25,218	7,620
Add back sales surplus in the year	269	1,575
Add back sales surplus in prior years	4,271	157
Less transfer to current assets	(1,046)	(4,277)
Reclassification	(937)	937
As restated	27,775	6,012

Current Assets Adjustment 2008

	Properties Developed For Sale £'000
As previously stated at 31 March 2008	1,335
Add transfer from fixed asset properties	5,323
As restated	6,658

Revenue Reserves Adjustment 2008

	£'000
As previously stated at 31 March 2008	4,859
Add additional surplus from First Tranche sales	6,271
As restated	11,130

Income and Expenditure Account

Turnover

	£'000
As previously stated	64,227
Add proceeds of sale of first tranches of shared ownership	10,558
As restated	74,785

Cost of Sales

	£'000
As previously stated	2,376
Add cost of sale of first tranches of shared ownership	8,714
As restated	11,090

Further information

We hope you have found these financial statements informative and useful.

Copies of an accompanying report, 'Longhurst Group in pictures', are also available upon request, which detail key achievements and work in progress over 2008/09.



If you would like any further information, please contact **0845 30 90 700**

To find out more about us, please visit **www.longhurst-group.co.uk**

Longhurst Group Limited (company number 3958380) is registered with the Tenant Services Authority (L4277). Registered office: Longhurst Group, Leverett House, Gilbert Drive, Endeavour Park, Boston, Lincolnshire PE21 7TQ.

