



NottinghamHousing

NottinghamHousing Trust

FINANCIAL
STATEMENTS
FOR THE YEAR TO
31 MARCH 2011





Contents

Board members, senior staff, advisors and bankers	1
Chairman's Report	2-3
Report of the Board and Operating and Financial Review	4-12
Independent Auditors' report to the members of Notting Hill Housing Trust	14
Consolidated income and expenditure account	15
Income and expenditure account	15
Consolidated balance sheet	16
Balance sheet	16
Consolidated cash flow statement	17
Notes to the consolidated financial statements	20-49

Board members

Vice President

Lionel Morrison OBE

Board

Chairman

Paul Hodgkinson CBE

Other Members

Bukky Bird (Appointed 6 October 2010)

Annabelle Louvros

Barbara Matthews (Appointed 22 September 2010)

Alexander Phillips (Appointed 22 September 2010)

Sophie Warner (Appointed 7 June 2010)

Mohan Yogendran (Appointed 22 September 2010)

Debra Yudolph (Appointed 22 September 2010)

Kate Davies

Paul Phillips

Andrew Belton

Apu Bagchi (Resigned 22 September 2010)

John Brewster (Resigned 22 September 2010)

Jonathan Buchanan (Resigned 18 May 2010)

Oliver Ellingham (Resigned 22 September 2010)

Gillian Golding (Resigned 22 September 2010)

Ravi Gurumurthy (Resigned 22 September 2010)

Caroline Harper OBE (Resigned 22 September 2010)

Sadrudin Visram OBE (Resigned 22 September 2010)

Secretary

Andrew Nankivell

Executive Board

Chief Executive

Kate Davies

Group Finance Director

Paul Phillips

Group Development Director

John Hughes

Chief Operating Officer

Andrew Belton

Group Corporate Services Director

Alastair Clegg

Group Director of Asset Management

Katharine King (Appointed 26 April 2010)

Registered Office and Head Office

1 Butterwick
Rear of Metro Building
Hammersmith
London W6 8DL
Tel: 020 8357 5000
Fax: 020 8357 5299
www.nottinghillhousing.org.uk

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Principal Solicitors

Devonshires
30 Finsbury Circus
London
EC2M 7DT

Principal Bankers

Barclays Bank plc
Business Banking
Floor 28
1 Churchill Place
London
E14 5HP

Registrations

Registered Industrial and Provident Society Number:
IP16558R

Registered Housing Association Number: L0035
A charity exempt from registration



Chairman's report

This report is not only a statutory document, but provides an important chance to update all our stakeholders, including shareholders, funders, residents, employees, regulators, local authorities, joint venture partners, suppliers, and of course, the communities in which we operate. It is the second Annual Report that I have personally presented, and the first full year of my tenure. The year to 31 March 2011 has been an extremely busy time for your Trust, with the organisation consolidating on the huge changes that it had introduced in the prior year.

This year 2010/11 was therefore a year of reshaping and integration, enabling the group to place itself on a sound footing both financially and operationally, for the challenges it expects to face in the years ahead.

In the year to March 2010, Notting Hill Housing Trust (NHHT) had taken into its ownership structure three new registered social landlords (Presentation, Croydon People's and Pathway). Whilst the initial flush of the amalgamation was still young, the Board and Executive recognised that significant changes had to be made to streamline the organisation, both managerially and financially, to ensure that the basis of the joining together would produce the benefits upon which the merger had been predicated. This required a big effort by all teams, and changes to strategic, financial and operational plans were put in place to operate NHHT as a single business.

Externally, of course, in the UK the early part of the new financial year was consumed by the General Election. In May 2010 the election of the new coalition Government confirmed that policy and financing would change. It quickly became clear that the new government had the view that the country was in a parlous financial state and so a programme of reducing public expenditure began.

The cuts take two forms – first capital reductions; second rental income. The capital reduction saw the budget cut to £4.5bn for Registered Providers nationally for new affordable housing in 2011/15. This is 60% less than in the previous three years. The pressure on rents, particularly in our temporary accommodation business and from grants paid by local authorities to support vulnerable people in our communities, has still to be fully translated into reductions. However, early indications all point to big reductions in income expectations in these businesses.

The strength of our Balance Sheet, helped by the net increases in assets transferred by the associations that joined us in 2009/10 will enable us to respond to the capital and income challenges set by the new budget constraints.

During the year we have focused on the following themes.

First; the finances of the organisation were restructured. During the early part of the financial year, we approached Moody's Investors Service who gave the Notting Hill Housing Group an 'Aa3' rating. This was a necessary precursor to approaching the financial markets and issuing a listed bond in our own name. In June 2010, we approached the financial markets and, on 30 June, the Trust issued a £180m 5.25% bond due 7 July 2042. The bond was issued at 99.861 per £100 giving an effective interest rate of 5.29% or 1.1% above the 4.50% 2042 gilt. The proceeds were received on 7 July 2010.

Second; we have continued to rationalise the legal entities within the Group. Immediately following the receipt of the bond proceeds, they were lent to Presentation Housing Association and used to pay off existing debt incurring break costs of approximately £33m. The £15.5m charge arising in the income and expenditure accounts in the current year represents the difference between consideration paid on settlement of these loans and their carrying amounts. On 8 July 2010, the engagements of Presentation Housing Association were then transferred to Notting Hill Housing Trust. As a result of these changes, the Notting Hill Housing Group now has again two Registered Providers (as it has had for many years until 2009) with the parent being Notting Hill Housing Trust and its shared ownership subsidiary Notting Hill Home Ownership.

Third; we have made changes to our governance arrangements. In particular, following two Special General Meetings, we have moved towards a common board for the two Registered Providers. Meetings now take place concurrently, with me in the Chair at Notting Hill Housing Trust and Alexander Phillips as the Chair of Notting Hill Home Ownership where the business of Notting Hill Home Ownership needs to be discussed independently. In addition, we have added a number of executives to the Board as set out in the previous page. The Board has also created a new sub committee, the Altogether Better Committee, which reviews and holds to account those involved in delivering services to our residents. This group has been meeting throughout 2010/2011. We are now in the process of setting up local scrutiny panels, which will review performance on a more focused geographical basis across all tenant and customer relationships. We have also been able to use the Altogether Better Committee as a sounding board for our strategic direction and to allow better tenant interface. In addition we have reinforced the standing committees of Audit, Development, Treasury and Appointments & Human Resources to bring our Board and reporting fully in line with the best practice.

Fourth; as a result of these changes, the Board felt it was appropriate to review the overall strategy. At our strategy weekend in October 2010, we engaged the wider stakeholder group to look at the propositions that the new government were asking us to respond to; and to align these challenges with the long-term mission of your Trust. The result of this work is five strong themes focusing on our customers, our customers' homes, our people, how we work and our growth ambitions.

We cannot achieve any of our plans without the right people and with them being as well aligned as they possibly can be with both our corporate plans and for them to all clearly understand their personal and team input into the overall plan for the Trust. The Executive has spent a considerable amount of time preparing the strategy documents in a user friendly format that can be easily communicated. Presentations have been made to all staff about the way forward for Notting Hill

and workshops have been held which has given large numbers of stakeholders the opportunity to feed their input into the direction of Notting Hill.

We hope that this increased communication at both a team and personal level will reinforce the buy in to the plans and the engagement with the decisions – some of which have tough commercial consequences.

The fifth major theme during 2010/11 was completing the implementation of the 'Altogether Better' programme for all of our permanent rented housing customers. This is a new approach where housing officers have a relatively small portfolio of around 125 tenants, all geographically close. Housing officers have been given a budget and control of its use, enabling them to balance customers, assets and strategic targets. The results of a pilot showed a significant increase in customer satisfaction and so the new housing management model has been rolled out to the entire permanent rented housing business. We are now implementing a similar arrangement in our shared ownership business.

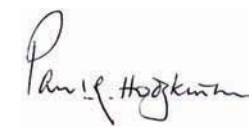
Finally, as a result of the changes in governance arrangements I mentioned earlier, there have been a number of departures from the Board. Gill Golding, who had been on the Board for six years came to the end of her term. Gill had, in particular, acted as the Chair of Notting Hill Home Ownership throughout most of that period and had guided the organisation through the turbulent times arising from the state of the financial markets in 2007 and 2008. In addition, Caroline Harper, the Vice Chairman left the Board at the same time, again because she had reached the end of her term. Her guidance had been particularly useful during the various interregnum periods when there was no chairman of the group during her period of tenure. She also helped us to reshape a common board which matches the technical skills, geographical coverage and mix of culture diversity which NHHT has been used to presenting. In addition, we lost Sadru Visram who had been Treasurer of the Group for five years, who again provided useful advice and counsel through the turbulent years of 2007 and 2008. I would like too to thank Oliver Ellingham, who left the Board after a relatively short period. His advice and assistance in relation

to the Notting Hill Bond, was, in particular, much appreciated during his time on the Board. Finally, thanks are due to Apu Bagchi and John Brewster who joined us from Presentation and Pathway respectively and left the Board after the integration processes were complete.

Ravi Gurumurthy has also left the Board, but continues to contribute to our work in the Altogether Better Committee.

The year ahead will be challenging as we respond positively to the new budget priorities, continue to shape our finances and deliver on our excellent pipeline of development projects. We will be reinforcing our Greater London focus, and with various challenges such as office moves, will rely heavily on our strong and competent executive team. Supported by our committed and enthusiastic staff the business continues to push forward on a broad number of fronts. The Board wish to particularly recognise the hard work and focus which staff provide. We are only as good as our frontline staff, and they in turn need full team support to deliver on our promises to customers.

All this work is aimed at delivering the best social housing provision across our London portfolio, and keeping costs under control, whilst treating our tenants of all types of property as valued customers. We continue to be very conscious of our heritage and our mission to provide housing in London for people who can't afford it on their own.



Paul Hodgkinson
Chairman

Report of the Board and operating and financial review

This is the report of the Board and the Operating and Financial review for the Notting Hill Housing Group for the year to 31 March 2011.

Notting Hill Housing is a group of Registered Providers and other organisations headed by Notting Hill Housing Trust, a charitable organisation founded in 1963.

At 31 March 2011, the Group consisted mainly of two Registered Providers, Notting Hill Housing Trust ('the Trust') together with its subsidiary, Notting Hill Home Ownership ('NHHO').

The Trust is a charitable organisation with three main businesses:

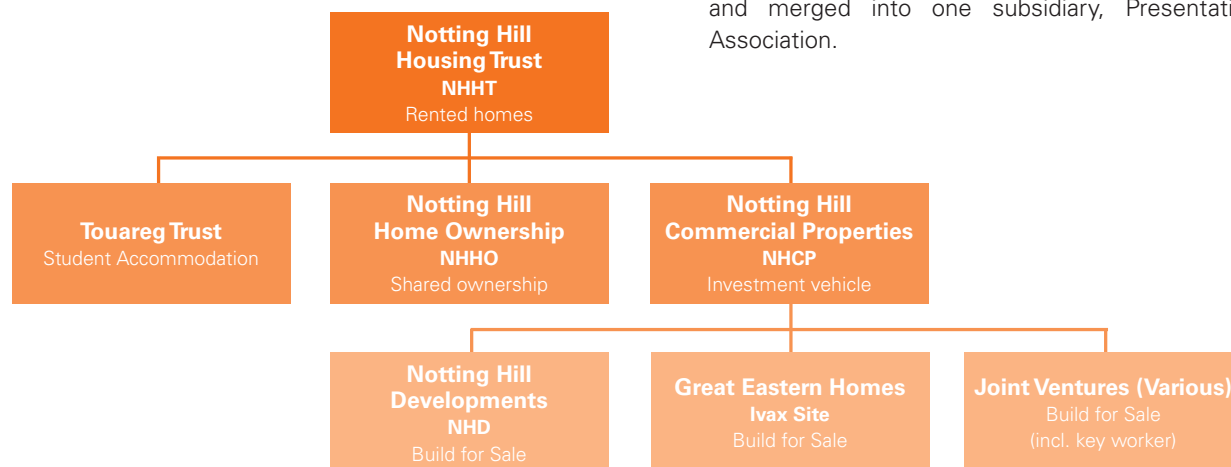
- the provision of housing accommodation at affordable rents for those in housing need ('Rented Social Housing')
- temporary housing for those who would otherwise be homeless ('Temporary Housing')
- supported housing and care for those who need additional support ('Supported Housing').

NHHO specialises in the provision of low cost home ownership homes, particularly shared ownership, whereby residents own a percentage of the equity in their homes and rent the rest from NHHO ('Shared Ownership').

The Trust also has a number of other subsidiary companies, which develop housing for outright sale, invest in commercial property, provide market rent accommodation and student accommodation. A structure chart showing the key entities is shown below.

Notting Hill retained the best possible ratings for governance, management and financial strength during the year. These assessments were reviewed by the Tenant Services Authority ('TSA') during the year and are necessary for receipt of funding for new developments from the new Homes and Communities Agency ('HCA').

From its inception in 1963, through to 31 March 2009, Notting Hill Housing Trust had never brought a significant entity into its Group (although it has set up many to meet its overall objectives). This changed in 2009/2010, when three new organisations joined the Group. Pathway Housing Association and Croydon Peoples Housing Association joined the Group and merged into one subsidiary, Presentation Housing Association.



The Group has the following mix of housing stock under management.

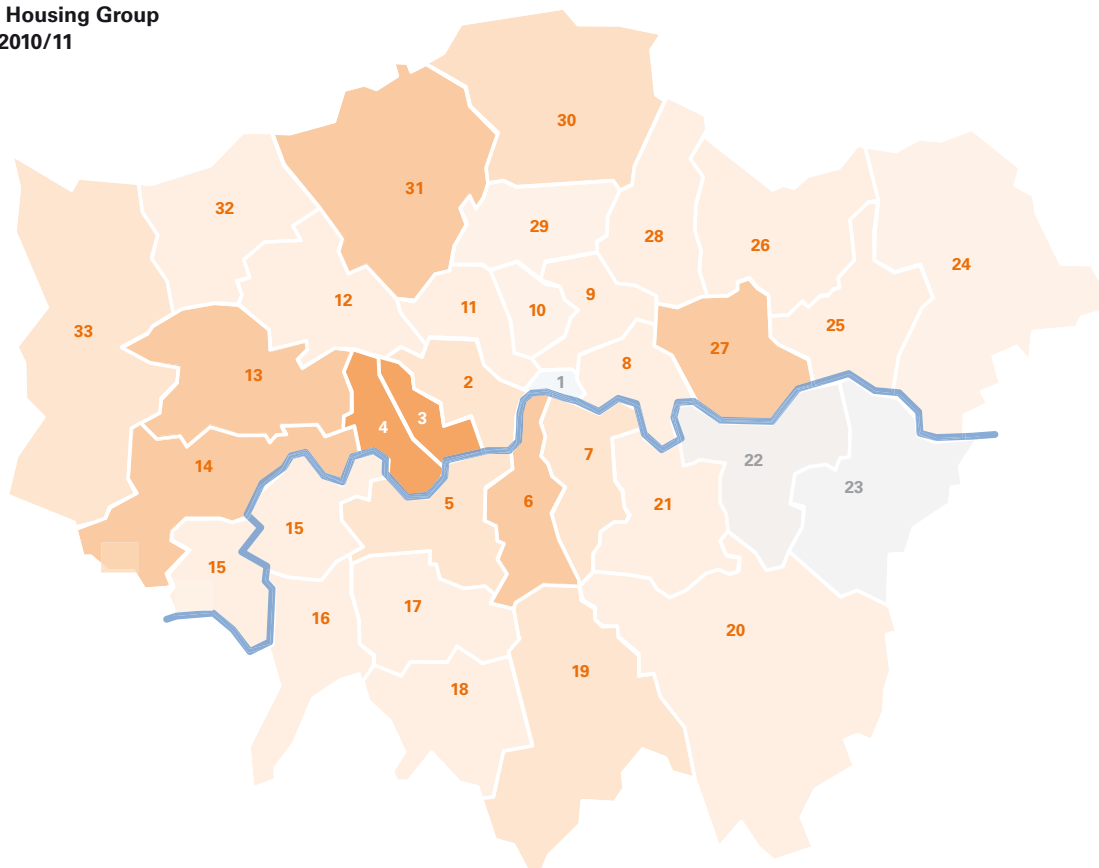
Table 1 – Housing Stock Managed by the Group

	As at 31 March	
	2011	2010
Rented Social Housing	15,628	14,606
Supported Housing	1,233	1,296
Temporary Housing	2,382	2,432
Shared Ownership	4,523	4,360
Student accommodation	839	839
Market Rent	482	312
Leasehold in management	1,579	2,183
Leased Housing	102	179
Intermediate housing accommodation	54	54
Total	26,822	26,261

The state of the stock is considered by external consultants to be good. During the year under review, on 31 December 2010, Registered Providers were required to ensure that their stock met a standard of condition, known as the Decent Homes Standard. The Group achieved this apart from 100 homes which represented 0.55% of the homes to which the standard applied. The TSA gave an exemption to Notting Hill in relation to these homes as they had only recently been acquired. However, given the scale and age of the Group's assets, more than £10m is spent each year on improvement and renewal.

The Group operates across all of London and beyond, having grown significantly from its roots in the Royal Borough of Kensington & Chelsea and the London Borough of Hammersmith & Fulham.

**Notting Hill Housing Group
Stock Map 2010/11**



Total number of properties in management = 26,822

Number of properties

Light orange = 1-500

Orange = 501-1,000

Dark orange = 1,001-4,000

Dark orange = 4,000+

1,183 Properties out of London

1 City of London	12 Brent	23 Bexley
2 City of Westminster	13 Ealing	24 Havering
3 Kensington and Chelsea	14 Hounslow	25 Barking and Dagenham
4 Hammersmith and Fulham	15 Richmond upon Thames	26 Redbridge
5 Wandsworth	16 Kingston upon Thames	27 Newham
6 Lambeth	17 Merton	28 Waltham Forest
7 Southwark	18 Sutton	29 Haringey
8 Tower Hamlets	19 Croydon	30 Enfield
9 Hackney	20 Bromley	31 Barnet
10 Islington	21 Lewisham	32 Harrow
11 Camden	22 Greenwich	33 Hillingdon

GOVERNANCE

The Trust is governed by a Board composed of eight non-executive members plus three executives. A Board consisting of a similar group of members and chaired by Alexander Phillips governs NHHO with the meetings taking place concurrently. Details of Board members are set out on page 1. Board members are drawn from a wide background. There were extensive changes to the Boards' membership during 2010/2011, following the rationalisation of the Group as mentioned in the Chairman's introduction. The Group is managed by an Executive Board ('EB') headed by the Chief Executive and supported by Group Directors of Finance, Operations, Development, Corporate Services and Asset Management. There was one change to EB in 2010/2011. Katharine King joined as Asset Management Director, also retaining her existing brief for Supported Housing as well, in April 2010.

Executives and other staff have no interest in the Trust's shares and act as executives within the authority delegated by the Board. Board members and senior staff are insured against personal liability when acting on behalf of the Group.

Tenants' involvement in decision-making is actively encouraged by promoting mechanisms of tenant involvement. We have a Board member who is a tenant and clear reporting arrangements between tenant groups and the Board. There are customers on other boards and committees within the Group.

The Chief Executive and EB members are on notice periods ranging from three to six months. Details of Board and EB remuneration are shown in Note 32.

EB members are either members of the Social Housing Pension Scheme or the Local Government Pension Scheme, which are both defined benefit final salary schemes.

CODE OF GOVERNANCE

Notting Hill Housing Trust has adopted a code of governance from the National Housing Federation, 'Excellence in Governance'. The Trust complies with all areas of the Code other than those identified below. For areas where the Trust does not comply an explanation follows.

Requirement	Explanation for Non-Compliance
Any payment for non-executives must be fully disclosed on a named basis.	Disclosed in the annual accounts on basis of role
The Board should delegate to a committee responsibilities that include oversight of the appraisal of the chief executive and making a recommendation to the board on a remuneration package for the chief executive. The committee must not include any executive members of the Board.	The Board through the Scheme of Delegations has delegated approval of the Chief Executive's remuneration package to the Appointments and Human Resources Committee, which does not include executive members.

EMPLOYEES

The strength of the Group lies in the quality of all its employees. Our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on their contribution.

The Group shares information on its objectives, progress and activities through office and departmental meetings involving Board members, the EB and staff. During 2010/2011 there has been a particular focus on presentation and discussion of the Group's strategic direction, given the changes in the operating environment. The Group is committed to equal opportunities and in particular we support the recruitment of disabled people and the retention of employees who become disabled whilst in the employment of the Group.

The Group has received recognition from the Department for Education and Skills for establishing policies of positive promotion of employment opportunities for candidates and employees with disabilities.

STRATEGY, OBJECTIVES AND PERFORMANCE

Strategy

The strategy of the Group is set out in a strategic plan that is reviewed annually and approved by the Board. The business planning process includes an assessment of strengths and weaknesses, opportunities and threats, which are discussed by the Board.

The Group's key strategic objectives focus on:

- customer satisfaction
- customers' homes
- people
- how we work
- growth

Objectives

The main business targets for 2010/2011 were:

Development

- to remain a preferred provider in receipt of HCA capital grant and meet their delivery standards.

Asset management

- to achieve full compliance with Decent Homes Standard by December 2010.
- to minimise the asset sales needed to meet reinvestment obligations.

Customer service

- to increase customer satisfaction by raising the standards of customer service.
- to offer customers the opportunity to move into home ownership and once there to increase any equity stake they may hold.

Diversity

- to improve the way that services are delivered to our diverse community.
- to secure better information on the language needs of our customers.
- to focus especially on the needs of our disabled customers.
- to ensure our staff group reflects the diversity of our customer base.

Finance

- to generate surpluses sufficient to maintain adequate financial strength, support the development programme and meet lenders' covenants.
- to secure sufficient private finance in the current markets to support the Group's funding needs.

Performance

The following table sets out the key indicators used by EB and the Board to monitor performance:

Table 2 – Key Performance Indicators monitored by the Board

Indicator	2010/11 Performance	2010/11 Target
Rented Social Housing		
Rent collection	98.4%	101%
Stock with valid Gas Safety Certificates	99.7%	100%
Repairs completed within target time	90.4%	96%
Temporary Housing		
Surplus	£7.4m	£2.8m
Shared Ownership		
Rent collection	103.1%	103%
Average sales time to completion (weeks)	7.8	10
Capital receipts	£42.6m	£30.4m
Development		
Acquisitions	1,077	1,200
Completions	895	1,100
Other		
Customer's satisfaction with Notting Hill	67%	57%
Homes meeting decent homes standard as at 31 December 2010	99%	99%

Comments on performance

The reasons for failing to meet some of the indicators are as follows.

- Our rent collection rate slipped, partly for technical reasons related to the timing of housing benefit receipts and partly as a result of the difficulties associated with the introduction of new staff in the Altogether Better programme.
- The Board has a policy of setting a target to achieve 100% compliance with gas safety certificates. This was not achieved due to problems getting access to some homes.
- Changes in our maintenance arrangements following the insolvency of our main contractor, Connaught, led to delays in completing some repairs.

- The development programme had some delays due to the difficulties in acquiring the planned number of sites and commencing construction.

Complaints

The Group responded to 70% of complaints in 10 working days against the target of 85%. This is due largely to the significant transition across the business, both ex-Presentation into the Trust and also the transition into Altogether Better. The impact of changes in staff has meant that our responses have been slower than is acceptable.

During the year the Ombudsman investigated 9 complaints of which 5 were upheld.

Health and Safety

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

KEY EVENTS DURING THE YEAR

Financial restructuring

During the year, the Group secured a rating from Moody's Investors Service. The rating was a 'Aa3' rating, defined by Moody's as indicating high quality and subject to very low credit risk. Following the rating, on 30 June, the Trust issued a £180m 5.25% bond due 7 July 2042. The bond was issued at £99.861 per £100, giving an effective rate of 5.259% or 1.1% above the 4.50% 2042 gilt. The proceeds were received on 7 July 2010 and were immediately lent to Presentation Housing Association. Presentation used the proceeds to pay off existing debt, incurring break costs of approximately £33m.

Presentation housing association – transfer of engagements

On 8 July 2010, the engagements of Notting Hill's subsidiary, Presentation Housing Association were transferred to Notting Hill Housing Trust.

Development Programme – HCA support

We received an allocation of £25.5m from the Homes and Communities Agency and cash of £86.2m to support our development programme.

Board restructure

During the year, we reviewed the membership of the Board of our two registered providers and, in broad terms integrated their Board membership.

Operational arrangements

During 2009/2010, Notting Hill Housing piloted a new way of working called 'Altogether Better (ATB)'. We had been concerned at the low level of resident satisfaction which was amongst the lowest of our peers. The approach of ATB is to make housing officers responsible for all aspects of dealing with their customers. More housing officers were employed, but support from back office specialist teams was largely eliminated.

By 31 March 2010, the pilot was operating successfully and a significant improvement in customer satisfaction had been noted. During 2010/2011, the methodology was rolled out throughout our Rented Social Housing business, completing on 31 March 2011. We had expected customer satisfaction to rise in the areas where ATB had been introduced, but had been concerned that there might be a reduction in areas where the 'old' arrangements might be seen as sub standard by customers. In the event, this did not happen and when we completed our formal triennial 'STATUS' survey in September/October 2010, part way through the rollout, we found that customer satisfaction had increased from 58% last time to 67%. More recent less formal surveys suggest that the position continues to improve.

We are now implementing the same concepts in our leasehold management teams.

STATEMENT OF RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Industrial and Provident Societies Acts and Registered Social Landlord legislation requires the board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Industrial and Provident Society legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2010, have been

followed, subject to any material departures disclosed and explained in the financial statements;

- 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 (to 31 March 2011), the Housing and Regeneration Act 2008 (from 1 April 2011) and the Accounting Requirements for Registered Social Landlords General Determination 2006. 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 (SORP) Accounting by Registered Housing Providers Update 2010.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the group's website.

INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining the whole system of internal control for the Group and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with Turnbull principles.

The process 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 includes:

• Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. EB regularly considers and receives reports on significant risks facing the Group and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

• Monitoring and corrective action

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

• Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and large new investment projects. The Board has adopted, and disseminated to all employees a Code of Conduct for Employees. This sets out the Group's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

• Information and financial reporting systems

The Board approves a strategic plan in each financial year, which includes longer term financial plans and limits on investment in its various activities. Financial reporting procedures include detailed budgets for the year ahead, management accounts produced monthly and forecasts for the remainder of the financial year, all of which are reviewed in various levels of detail by appropriate staff and in summary on a quarterly basis by the Board. The Board also regularly reviews progress towards the achievement of key business objectives, targets and outcomes.

• Fraud

The Board has a policy on fraud covering prevention, detection and reporting of fraud and the recovery of assets. A register is maintained of any frauds or potential frauds. The Audit Committee reviews the Fraud Register at each meeting and has taken the results of these reviews into account in its report to the Board.

• Audit Assurance

The Group has appointed Beever and Struthers as internal auditors, who acted throughout the financial year. The internal control framework and the risk management process are subject to regular review by Beever and Struthers who advise the executive directors and report to the Audit Committee. An audit plan was agreed by the Audit Committee for 2010/2011 and was completed. Beever and Struthers has direct access to the Audit Committee and met with the Audit Committee during the year without the presence of any of the paid staff or executive directors. The Audit Committee met three times during the financial year and considered internal control and risk at each of its meetings.

The Group has appointed Grant Thornton as external auditors and receives a memorandum from them identifying any internal control weaknesses that may have come to their attention in the course of their duties. This letter is considered by the Audit Committee and the Board. In line with best practice guidance, the Audit Committee also met with Grant Thornton UK LLP during the year without the presence of any of the paid staff or executive directors.

The Audit Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The Audit Committee makes an annual report to the Board, which the Board has received.

Following the end of the financial year under review, the Board carried out a tendering exercise for the internal audit contract, following which KPMG were appointed as internal auditors.

KEY RISKS

The Board considers that the following risks are most likely to influence future performance:

Table 3 – Key risks

Risk	Comments	Mitigation
Downturn in the housing market	A large part of the Group's development programme is expected to be in relation to low cost home ownership and outright sale. The Group's ability to deliver this will be adversely affected if there is a lack of demand for the resulting homes at the right price.	The Group keeps the level of work in progress and completed, unsold, homes under review. Appraisal assumptions allow for falls in value and delays in sales.
Availability of banking facilities	Whilst the Group has significant committed undrawn facilities, there are increasing signs that there is little in the way of new money available to Registered Providers from banks at the present time. If this remains unchanged in the medium term, the Group's plans could be put at risk.	Commitments are monitored against available facilities. The Group has established itself in the capital markets, which offer a natural source of long term finance and which appear to be prepared to invest in highly rated organisations like the Trust. In the longer term, the Group may need to adapt its plans, by seeking additional public sector support or scaling back on development.
Health and Safety	Given the death in 2008 of one of our residents from carbon monoxide poisoning, the Group is particularly aware of the need for vigilance in relation to gas safety issues in particular.	The Group is carrying out additional checks. All new schemes are fitted with carbon monoxide monitors.
Availability of capital grant	The Group needs to remain one of the HCA's approved development partners to secure the development programme.	The Group monitors its development performance carefully and focuses on meeting the HCA's requirements.
Interest rates	At the year end, the Group had £266m of variable rate borrowings, so each 1% increase in prevailing interest rates increases costs about £2.7m. Of the Group's total debt, 62% is fixed, 32% is variable and 6% is inflation linked.	The Group has in place a treasury policy which sets out the limits of fixed, variable and inflation linked debt as well as how to manage the exposure to other treasury risks. This is approved annually by the Board and is prepared jointly with our treasury advisors.

To date none of these have materialised to significantly adversely affect the position of the Group.

INVESTMENT FOR THE FUTURE

In addition to investing in its existing stock the Board has approved a significant new build housing programme.

In order to achieve this, the Board has approved a land bank facility of £200m. This has enabled advantage to be taken of current low prices and maximise its investment/acquisition opportunities across London. At the year end, the Group had invested £104m in undeveloped sites.

FINANCIAL REVIEW

Going concern

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

Accounting policy changes

Accounting policies are set out on pages 20 to 23. During the year, the Group adopted the requirements of the Statement of Recommended Practice: Accounting by registered social housing providers Update 2010 (the SORP 2010). The SORP 2010 is mandatory for registered providers of social housing for all financial periods commencing on or after 1 April 2011, however early adoption is encouraged. The main changes arising from the introduction of the SORP 2010 which affect the Group materially relate to component accounting and the recognition of negative goodwill on a business combination.

Under component accounting, a housing property is divided into those major components that have substantially different useful economic lives and each component is depreciated over its useful life. This more fairly reflects in the income and expenditure account the cost of using the asset, and is recommended best practice until mandatory application is required. The impact of component accounting is a fundamental change in accounting policy, and as such a prior year adjustment has been undertaken to reflect the changes in the application of the accounting policy to prior years. These are fully disclosed in note 38.

The SORP recommends that when a Registered Provider acquires a new business, any excess of assets over liabilities arising as a result of a merger or acquisition is transferred immediately to the profit and loss account, rather than held as negative goodwill.

Following the issue of the Notting Hill bond and its subsequent listing on the London Stock Exchange, the Group has had to adopt FRS 26 and disclose the 'mark to market' value of its derivatives as a liability on its balance sheet. Movements in the mark to market position are passed through the income and expenditure account, or statement of recognised gains and losses, depending on their effectiveness in hedging underlying liabilities.

These accounting policy changes, together with some more minor changes led to a significant restatement of the Group's opening reserves as follows.

Table 4 – Reserves restatement

	Group £m	Trust £m
Reserves as at 31 March 2010 as disclosed in the 2009/2010 financial statements.	263.5	144.8
Adjustments to these opening reserves	(53.6)	(32.9)
Revised opening reserves	209.9	111.9

More extensive explanations of these changes are set out in note 38.

Results

The main accounting policies that are critical to the results are:

- the method of accounting for capital grant which is deducted in the balance sheet from the cost of assets
- capitalisation of interest
- capitalisation of repairs
- development administration costs in carrying out the development programme which are added to the cost of new estates

- the calculation of housing property depreciation.
- impairment.

The results are also significantly affected by the accounting policies in relation to recognising surpluses on shared ownership sales.

The results for the key operations are set out below:

Table 5 – Summary results

	Turnover		Operating surplus (deficit)	
	2011 £m	2010 £m	2011 £m	2010 £m
Rented Social Housing	86.2	76.3	13.0	13.4
Supported Housing	23.2	21.1	0.6	1.6
Shared Ownership	21.1	18.7	11.1	5.8
Temporary Housing	46.0	44.4	7.4	2.1
First tranche Shared Ownership sales	40.5	27.7	6.4	3.0
Student Accommodation	8.2	6.9	4.7	5.0
Property for sale	10.6	8.3	0.4	–
Other	14.5	10.4	(2.7)	(1.2)
Total	250.3	213.8	40.9	29.7

Five year trends for the Group are set out on page 12.

The surplus for the year at £9.8m after interest was above budget. The key reasons for this were as follows:

- Operating surpluses were better than budgeted for as can be seen above, with particular improvements arising in the temporary housing business and initial shared ownership sales.
- Interest rates remained low, so we spent less on interest than expected, although the cost of redeeming the Presentation debt was higher than expected.

The following non-recurring items occurred during the year:

- Grove House, the Group's previous head office was sold, resulting in a one-off surplus on disposal of £7.7m;
- Impairment charges relating to two social housing schemes and some market rent properties totalling £4.5m were incurred;
- Repayment of the loans and derivatives acquired with Presentation Housing Association resulted in a charge of £15.5m in the income and expenditure account for 2011; and
- The Group purchased a new head office building in Kings Cross at a cost of £17.8m.

After transfer of the surplus for the year of £9.8m (2010: £8.1m), Group reserves at the year end amounted to £240.1m (2010: £209.9m).

Capital structure and treasury policy

Borrowings at the year end were £834.7m (excluding loan arrangement fees) and undrawn facilities were an additional £264m. This debt is mostly borrowed from banks and building societies in the UK as well as from the capital markets through the bond issue.

Borrowings management is the responsibility of the Group Finance Director. Strategy is set annually and approved by the Board. The current strategy, along with the year end position is set out in the table below.

Table 6 – Interest rate strategy

Item	Target			Actual Position
	Lower	Central	Upper	
Floating	0%	35%	50%	32%
Inflation Linked	0%	15%	20%	6%
Fixed	40%	50%	80%	62%
Total		100%		100%

The figure shown as 'lower' is the minimum approved by the Board and the figure shown as 'upper' is the maximum. The Group Finance Director is authorised to enter into interest rate

derivatives to modify the Group's exposures provided they remain within this range.

The next table provides an analysis of when the debt falls due for repayment:

Table 7 – Debt maturity

Maturity	Group £m	Trust £m
0-1 year	4.0	3.5
1-2 years	10.0	4.3
2-5 years	16.1	13.3
5-10 years	89.8	65.6
10-20 years	250.5	138.7
20-30 years	276.9	175.4
30-40 years	184.0	184.0
	831.3	584.8

The Group has entered into stand alone derivatives with various counterparties, with which it has a lending relationship. All of these are interest rate swaps, where the Group is the fixed rate payer and the notional value at 31 March 2011 was £164m. The Group's policy in relation to cash surpluses is to preserve capital. Cash surpluses are thus invested in approved UK institutions rated A1 by Standard and Poor's. Under the terms of its interest rate swap agreements, the Group was required to put up cash or property as security for future payments. The amount of security is assessed by the counterparty banks on a regular (weekly or monthly, according to the bank) basis. The maximum amount of cash pledged as security during the financial year was £nil (2009/2010: £13m) and the amount at 31 March 2011 was £nil (31 March 2010: £nil).

The Group borrows and lends only in sterling and so does not have any currency risk.

All loans are secured by first fixed charges over housing properties. The Trust and NHHO have a policy of not granting floating charges, although this policy does not extend to all subsidiaries of the Group.

AUDITORS AND AGM

At the date this report each Board member confirms 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 Board member 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.

A resolution to reappoint Grant Thornton UK LLP as auditors of the Group will be proposed at the Annual General Meeting which will be held on 21 September 2011 at 6pm at the Trust's Registered Office.

STATEMENT OF COMPLIANCE

In preparing the Operating and Financial Review the Board has followed the principles set out in the Statement of Recommended Practice (SORP) – Accounting by registered social landlords – 2010.



Kate Davies
On behalf of the Board



Paul Phillips
Group Finance Director

Report of the Board and operating and financial review

Group highlights – five year summary	2011	2010	2009	2008	2007
For the year ended 31 March	£m	Restated £m	£m	£m	£m
Group income and expenditure account					
Total turnover	250.3	213.8	162.3	198.1	141.3
Income from lettings	177.5	161.2	134.9	131.6	127.5
Depreciation and amortisation of housing properties	9.9	4.7	3.1	3.2	2.5
Operating surplus	40.9	29.7	19.1	30.8	26.2
Surplus after interest and tax	9.8	8.1	5.9	19.8	18.6
(Deficit)/surplus before asset sales	(12.2)	(3.7)	(1.9)	(2.3)	8.8
Group balance sheet					
Tangible fixed assets, at cost	2,226.0	2,129.6	1,278.6	1,222.9	1,127.0
Social Housing Grant	(1,237.8)	(1,145.8)	(741.3)	(722.7)	(702.5)
Net current assets	69.3	58.8	96.7	29.2	40.2
Indebtedness	832.0	811.1	436.2	326.5	275.1
Total reserves	240.1	209.9	188.2	183.7	167.4
Accommodation managed at year end	No.	No.	No.	No.	No.
Rented social housing	15,628	14,606	10,267	10,094	10,018
Supported housing	1,233	1,296	1,025	933	873
Temporary housing	2,382	2,432	2,520	2,645	2,712
Student accommodation	839	839	–	–	–
Leased housing accommodation	102	179	102	165	250
Market rent accommodation	482	312	140	116	13
Intermediate market rent accommodation	54	54	–	–	–
Total rented housing	20,720	19,718	14,054	13,953	13,866
Shared ownership housing	4,523	4,360	3,822	3,565	3,251
Leasehold in management	1,579	2,183	1,267	1,216	899
Total housing	26,822	26,261	19,143	18,734	18,016
Statistics					
Surplus for the year as % of turnover	4%	4%	4%	10%	13%
Surplus for the year as % of income from lettings	6%	5%	4%	15%	15%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2%	4%	4%	4%	5%
Rent arrears (gross arrears as % of rent and service charges receivable)	12%	14%	10%	11%	10%
Gearing (total loans as % housing properties at cost)	37%	38%	34%	27%	24%
Interest cover (surplus before interest payable and depreciation and amortisation of housing properties as % of net interest payable)	203%	142%	156%	213%	221%

The 2010 accounts have been restated due to a number of prior year adjustments (see note 38).

The reported figures for the year ended 31 March 2010 include the results of Presentation Housing Association following its entry into the Group. The figures for previous years exclude Presentation Housing Association.



Independent Auditors' report to the members of Notting Hill Housing Trust

We have audited the financial statements of Notting Hill Housing Trust for the year ended 31 March 2011 which comprise the Group and Trust income and expenditure accounts, the Group and Trust balance sheets, the Group cash flow statement, the Group and Trust statements of total recognised surpluses and deficits, the Group and Trust reconciliations of movement in funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trust's members, as a body, in accordance with regulations made under section 4 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the Trust'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 the auditor

As explained more fully in the Statement of Responsibilities of the Board (set out on page 8), the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of a scope of an audit of financial statements is provided on the APB's website at:

www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Trust's affairs as at 31 March 2011 and of the Group's and Trust's income and expenditure for the year then ended;
- have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 require us to report if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Grant Thornton UK LLP

Chartered Accountants and Registered Auditors
London, England
19 July 2011

Consolidated and trust income and expenditure for the year ended 31 March 2011

	Notes	Group		Trust	
		2011 £m	2010 Restated £m	2011 £m	2010 Restated £m
Turnover – continuing activities	2	250.3	213.8	170.4	135.4
Cost of sales	2	(44.3)	(34.1)	(13.0)	(12.3)
Operating costs	2	(165.1)	(150.0)	(140.6)	(119.6)
Operating surplus – continuing activities	2	40.9	29.7	16.8	3.5
Surplus on disposal of assets	4	15.2	8.8	10.9	2.0
Other income	5	–	–	3.7	4.9
Surplus before interest		56.1	38.5	31.4	10.4
Interest receivable and similar income	6	0.5	1.3	2.6	2.3
Interest payable and similar charges	7	(32.5)	(31.7)	(22.8)	(11.9)
Loss on settlement of loans		(15.5)	–	–	–
Interest payable and similar charges		(48.0)	(31.7)	(22.8)	(11.9)
Gains in respect of financial derivatives		1.2	–	2.6	–
Surplus on ordinary activities before taxation	8	9.8	8.1	13.8	0.8
Tax on surplus on ordinary activities	9	–	–	–	–
Surplus for the financial year after taxation		9.8	8.1	13.8	0.8

The notes on pages 20 to 49 form part of these financial statements. Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

Statement of total recognised surpluses and (deficits) for the year ended 31 March 2011

	Group		Trust	
	2011 £m	2010 Restated £m	2011 £m	2010 Restated £m
Surplus for the year after taxation	9.8	8.1	13.8	0.8
Surplus on revaluation	15.6	0.6	0.4	0.2
Investments realised	–	(0.4)	–	(0.4)
Transfers of engagement	–	67.3	45.2	–
Actuarial surplus/(deficit)	0.4	(0.3)	0.4	(0.3)
Disposal of subsidiaries	(0.4)	–	–	–
Total recognised surpluses for the year	25.4	75.3	59.8	0.3
Prior year adjustment	(53.6)	–	(32.9)	–
Total recognised (deficits)/surplus since last report	(28.2)	–	26.9	–

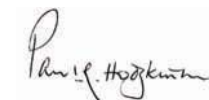
Reconciliation of movements in Group's and Trust's funds

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Opening total funds	263.5	188.2	144.8	144.5
Total recognised surpluses relating to the year	25.4	75.3	59.8	0.3
Prior year adjustments				
– Fair value of acquisition	(16.5)	–	(15.3)	–
– Component accounting	(16.1)	–	(16.1)	–
– Fair value of derivatives	(19.5)	–	–	–
– Dilapidations accruals	(1.5)	–	(1.5)	–
Minority interest	4.8	–	–	–
Closing total funds	240.1	263.5	171.7	144.8

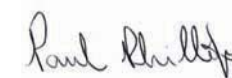
Consolidated and trust balance sheet at 31 March 2011

	Notes	Group		Trust	
		2011 £m	2010 Restated £m	2011 £m	2010 Restated £m
Tangible fixed assets					
Housing Properties	10	2,226.0	2,129.6	1,695.9	1,018.5
Less Grants	10	(1,237.8)	(1,145.8)	(1,043.0)	(700.0)
		988.2	983.8	652.9	318.5
Other fixed assets	11	62.8	48.6	32.5	9.2
Investment in Homebuy	12	43.7	45.9	–	–
Less Homebuy grant repayable	12	(43.7)	(45.9)	–	–
		1,051.0	1,032.4	685.4	327.7
Investments					
Investment in joint venture	14	0.8	1.4	101.2	68.5
– share of gross assets	34	16.8	16.8	–	–
– share of gross liabilities	34	(16.6)	(16.6)	–	–
		1,052.0	1,034.0	786.6	396.2
Current assets					
Properties in the course of sale	15	128.1	89.6	47.9	6.0
Debtors falling due within one year	16	34.0	32.9	33.2	27.4
Current asset investment	17	4.9	2.4	5.0	30.2
Cash at bank and in hand		20.3	11.4	3.7	1.8
		187.3	136.3	89.8	65.4
Current liabilities					
Amounts falling due within one year	18	(118.0)	(77.5)	(93.7)	(30.8)
Net current assets/(liabilities)		69.3	58.8	(3.9)	34.6
Deferred assets					
Debtors falling due after one year	19	9.0	13.0	8.9	2.2
Total assets less current liabilities		1,130.3	1,105.8	791.6	433.0
Creditors					
Amounts falling due after more than one year	20	883.7	883.9	613.4	319.8
Provisions for liabilities	22	6.5	12.0	6.5	1.3
		890.2	895.9	619.9	321.1
Capital and reserves					
Share capital	23	–	–	–	–
General reserves	24	218.1	208.2	170.6	111.7
Revaluation reserves	24	17.2	1.6	1.1	0.2
Designated reserves	24	–	0.1	–	–
Negative goodwill	24	–	–	–	–
Minority interest	34	4.8	–	–	–
		240.1	209.9	171.7	111.9
		1,130.3	1,105.8	791.6	433.0

The notes on pages 20 to 49 form part of these financial statements. The financial statements were authorised and approved by the Board on 13 July 2011 and signed on its behalf by



Paul Hodgkinson
Chairman



Paul Phillips
Group Finance Director



Andrew Nankivell
Secretary

Consolidated cash flow statement for the year ended 31 March 2011

	Notes	2011 £m	2010 £m
Net cash inflow from operating activities	25	34.1	57.6
Returns on investments and servicing of finance			
Interest received		0.6	1.4
Interest paid		(33.9)	(35.9)
Net cash (outflow) from returns on investments and servicing of finance		(33.3)	(34.5)
Taxation			
Corporation Tax		–	–
Capital expenditure			
Purchase and construction of housing properties		(97.0)	(162.1)
Sale of housing properties		28.6	17.9
Social Housing Grant received		86.2	113.0
Purchase of other fixed assets		(17.2)	(3.4)
Sale of other fixed assets			–
Net cash inflow/(outflow) from capital expenditure		0.6	(34.6)
Net cash inflow/(outflow) before use of liquid funds and financing		1.4	(11.5)
Management of liquid resources			
Investments held for sale	26	0.1	–
(Decrease)/increase in cash deposit		(2.6)	8.8
		(2.5)	8.8
Financing			
Loans received		322.8	141.2
Loans repaid		(317.6)	(147.9)
Minority interests		4.8	–
Net cash inflow/(outflow) from financing		10.0	(6.7)
Increase/(decrease) in cash and cash equivalents		8.9	(9.4)

The notes on pages 20 to 49 form part of these financial statements.

18-26 Colville Square
W11 2BO





Notes to the Accounts

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items, which are considered to be material in relation to the accounts of Notting Hill Housing Trust (the Trust) and Notting Hill Housing Group (the Group).

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain properties and financial instruments. They also comply with the Accounting Requirements for Registered Social Landlords (General Determination) 2006, applicable accounting and financial reporting standards and follow the recommendations of the Statement of Recommended Practice Accounting by Registered Social Landlords Update 2010, issued in October 2010 (SORP 2010). SORP 2010 was adopted by the Group during the year ended 31 March 2011. Prior year adjustments to the accounts as a result of adopting SORP 2010 are disclosed in note 38.

Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Trust and its subsidiaries.

Transfer of engagements

The engagements of Presentation Housing Association were transferred to Notting Hill Housing Trust on 8 July 2010. Upon transfer Presentation Housing Association's assets and liabilities were transferred to Notting Hill Housing Trust at cost to the Group. No consideration was paid to Presentation Housing Association.

Turnover

Turnover comprises rental and service charges, income from shared ownership first tranche sales, revenue grants from the Homes and Communities Agency (formerly Housing Corporation) and local authorities, and proceeds of properties developed for sale. All income is recognised on a receivable basis and sales of property are recognised at completion.

Value added tax

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

Interest payable

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

- (a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- (b) interest on borrowings of the Group as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

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

Pensions

The Group participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS'), The London Borough of Richmond Pension Fund (LBRPF) and The London Borough of Islington Pension Fund (LBIPF).

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

For the LBRPF and LBIPF, 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.

The Group also operates a defined contribution scheme. The contributions paid are charged to the income and expenditure account as incurred.

Donated land

Land donated by local authorities is added to cost at the market value of the land at the time of the donation, and the amount equivalent to the value is credited to other grants.

Other grants

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

Properties for sale

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

Current asset investments

Current asset investments are classified as financial assets. Financial assets and financial liabilities are measured initially at fair value adjusted by transaction costs, except for financial assets and financial liabilities carried at fair value through profit and loss, which are measured initially at fair value.

Liquid resources

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

Revaluation reserve

The difference between the market value of investments and the historical cost carrying value is credited to the revaluation reserve.

Housing properties

Housing properties are principally properties available for rent and shared ownership.

Housing properties, other than shared ownership properties in the course of development are stated at cost less Social Housing Grant (SHG) and other grants.

As a result of adopting SORP 2010, the accounting treatment of housing properties has changed. Previously housing properties, other than shared ownership properties, were split between land and structure only, with depreciation charged over 100 years on completed properties (excluding land and grant). The adoption of SORP 2010 represents a change in accounting policy, and a prior year adjustment is disclosed in note 38.

Under SORP 2010, housing properties have been split between their land and structure costs and a specific set of major components which require periodic replacement. Refurbishment or replacement of such components is capitalised, and depreciated over the estimated useful life of the component (excluding land and grant) as follows:

Component	Useful economic life
Land	Not depreciated
Structure	100
Roof	60
Heating	15
Windows	25
Electrical	33
Bathroom	30
Kitchen	25
Lift	33

The comparatives in respect of the previous year have been adjusted to reflect this change in accounting policy.

Housing properties for intermediate rent are stated at market value subject to tenancies (MV-STT). Full revaluations of the properties are undertaken on an annual basis. The value of components is estimated to be equivalent to their depreciated historic cost.

Cost includes the cost of acquiring land and buildings, cost of construction, capitalised interest, administration costs and expenditure incurred in improving or reinvesting in existing properties. Only directly attributable project management costs relating to successful developments are capitalised as part of the costs of those properties.

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

Freehold land is not depreciated. Depreciation is charged on completed housing properties, excluding the land element and relevant SHG, on a straight line basis over the useful economic life of the component.

Reinvestment expenditure is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance cost, or a significant extension in the life of the property. Where the works are either repair or replacement with no additional utility, the costs are charged to the income and expenditure account.

Interest incurred on a loan financing a development is capitalised up to the date of the practical completion of the scheme.

Properties that are sold to the Trust at a discount to market value as a result of a planning requirement under S106 Town and Country Planning Act 1990 are recorded in the financial statements at cost.

In accordance with SSAP 19, properties held as investments are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. Any excess deficit over the balance on the revaluation reserve is realised through the profit and loss account to the extent that this represents a permanent diminution in value of the property. No depreciation is provided in respect of investment properties.

Investment properties are included in the Balance Sheet at their open market value. This has been determined in accordance with the Guidance Notes on the Valuation of Assets issued by the Royal Institute of Chartered Surveyors.

Other fixed assets

Other fixed assets are stated at cost or valuation. Depreciation is provided on a straight line basis as follows:

- Freehold offices and buildings 50 years.
- Leasehold offices and buildings over the life of the lease.
- Other tangible assets 2 to 5 years.

Impairment

Housing properties, which are depreciated over a period in excess of 50 years, are, in accordance with Financial Reporting Standard No 15 and SORP 2010, subject to impairment reviews annually. Impairment reviews are also carried out on investment properties. Other assets will be reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, a review is conducted to ascertain whether its effect is to reduce the value of the property beyond that which meets the internal criteria for the approval of schemes. Deficits that fall within these criteria are regarded as planned internal subsidies, and are not treated as impairments. If an impairment above the acceptable level exists, a charge is made to the income and expenditure account to the extent that the impairment exceeds the acceptable deficit.

1. ACCOUNTING POLICIES (continued)

Homebuy

Homebuy transactions are grants received from the Homes and Communities Agency (formerly the Housing Corporation) and passed on to an eligible beneficiary. The Group has the benefit of a fixed charge on the property entitling the Group to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the Homebuy asset.

Social Housing and Other Grants

Where developments have been financed wholly or partly by SHG and other grants the cost of the development is shown gross with the amount of grant receivable as a deduction. SHG and other grants receivable but not yet received are shown as debtors.

Where expenditure included in the income and expenditure account is wholly or partly financed by SHG and other grants, the relevant amount of SHG and other grants receivable is shown as revenue grant in the income and expenditure account.

In the event that SHG and other grants shown as receivable in respect of the current development programme exceed the cost incurred to date, or that SHG and other grants are repayable, the amount is shown as a creditor. SHG and other grants may be repayable where a property is sold or the development of a property is not completed.

Rental debtors

Rental debtors are stated gross of amounts paid in advance and overpayments, which are shown in other creditors.

Taxation

The Trust has charitable status and is not subject to Corporation Tax on surpluses as a result of or earned in furtherance of charitable objectives. The profits of trading subsidiaries are subject to Corporation Tax.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deficit/surplus agreements

Certain agreements entered into by the Trust have been guaranteed by local authorities so that any capital deficits or revenue deficits/surpluses are refundable by/to the local authority. Deficits or surpluses arising from these schemes are recorded as debtors/creditors falling due after more than one year.

Major repairs

No provision for major repairs has been set aside for properties. Major repairs costs are charged to the income and expenditure account when incurred.

Cyclical repairs and maintenance

No provision is made for future cyclical repairs and maintenance. Cyclical repair costs are charged to the income and expenditure account when incurred.

Provisions

Provisions have been included in the accounts only to the extent that there is a present legal or constructive obligation to transfer economic benefits.

In the temporary housing business, under the terms of the lease, funds are set aside on acquisition of property in order to ensure that the repairs are carried out on the property to bring it back to its original condition when it is returned to the landlord.

Leases

Rentals paid under operating leases are charged to the income and expenditure account on an accruals basis.

Loan issue costs

Costs incurred in raising loan finance are recorded as a deduction from the gross proceeds of the loan and subsequently amortised in the income and expenditure account over the term of the loan.

Intra-Group donations

Charitable donations made between Group entities are shown in the financial statements at the value of the donation.

Supported Housing Services

Where the Trust holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Trust's income and expenditure account (see note 3).

Joint ventures

Joint ventures are accounted for in accordance with Financial Reporting Standard 9 'Associates and Joint Ventures' in the consolidated financial statement using the 'gross equity' methods and in the subsidiary's individual financial statements as a current asset investment shown at cost less amounts written off. Further information on the financial transactions and background can be found in note 34. The gross equity method means, showing the share of the investment and related surpluses and deficits on the face of the accounts.

Investment in subsidiaries

Investments in subsidiaries are shown at cost.

Deferred assets

Deferred assets either relate to deficit arising as a result of agreements entered into by the Trust (see note on deficits/surplus agreements) or the obligation to refurbish properties transferred from the Local Authorities under stock transfer arrangements. The VAT saving under this agreement will be shared between the Group and Local Authority.

Negative goodwill

Negative goodwill arises on business combinations in respect of acquisitions and represents the difference between the consideration given and the fair value of the net assets of the acquired subsidiary or business. Previously on acquisition, a negative goodwill reserve was created, and released to the income and expenditure account over the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered. Under SORP 2010, the fair value of the gifted recognised assets and liabilities should be recognised as a gain or loss in the income and expenditure account in the year of the transaction. The adoption of SORP 2010 results in a change in accounting policy in respect of negative goodwill, and as such a prior year adjustment is reflected in the 2011 accounts (see note 38).

Hedge accounting

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is a formal designation and documentation of the group risk management objective and strategy for undertaking the hedge;
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in the cash flows that could ultimately affect profit or loss;
- The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective);
- The effectiveness of the hedge can be reliably measured; and
- The hedge remains highly effective on each date it is tested.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk (such as floating to fixed interest rate swaps) are recognised in the statement of recognised surpluses and deficits and accumulated in the cash flow hedge reserve.

If the Group settles a derivative early, the cumulative gains and losses recognised in the statement of recognised surpluses and deficits are frozen, and reclassified from the cash flow hedge reserve to revenue reserve using the effective interest method.

The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in the income and expenditure account and disclosed as a separate line in the income and expenditure account, entitled net gain/ (loss) on financial instruments.

Although held for hedging purposes, in circumstances where the Group's derivatives do not meet the above criteria, the derivative is classified as an asset or liability at fair value through the income and expenditure statement.

Financial instruments

The Group categorises its financial assets and liabilities in accordance with FRS26 "Financial Instruments: Recognition and measurement". This has become effective for the year ended 31 March 2011 as a result of the Trust issuing a listed bond during the year. The effect of the resulting prior year adjustment is reflected in note 38.

Financial assets

The Group classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired.

Fair value through income and expenditure

Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through income and expenditure.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective

interest rate. Provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable item.

Financial liabilities

The Group classifies its financial liabilities into one of the following categories depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows.

Fair value through income and expenditure

Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any liabilities for trading nor does it voluntarily classify any financial liabilities as being at fair value through income and expenditure.

Other financial liabilities

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes the amortisation of initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derivatives embedded in host debt contracts are not accounted for separately where they are considered to be closely related.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2. TURNOVER AND OPERATING SURPLUS BEFORE TAXATION

Group – continuing activities

Year ended 31 March 2011	Turnover £m	Cost of Sales £m	Operating costs £m	Operating surplus £m
Social housing lettings	177.5	–	(144.4)	33.1
Other lettings				
Student accommodation	8.2	–	(3.5)	4.7
Intermediate and market rent	4.0	–	(2.6)	1.4
	12.2	–	(6.1)	6.1
Other income and expenditure				
Development services	0.1	–	(0.9)	(0.8)
Sales and marketing services	0.7	–	(3.6)	(2.9)
Neighbourhood activities	0.6	–	(1.1)	(0.5)
First tranche shared ownership sales	40.5	(34.1)	–	6.4
Impairment	–	–	(4.5)	(4.5)
	41.9	(34.1)	(10.1)	(2.3)
Non-social housing activities				
Properties built for sale	10.6	(10.2)	–	0.4
Charitable fundraising activities	0.8	–	(0.3)	0.5
Commercial activities	6.1	–	(3.0)	3.1
Other activities	1.2	–	(1.2)	–
	18.7	(10.2)	(4.5)	4.0
Total	250.3	(44.3)	(165.1)	40.9

In 2011, sales and marketing services in Notting Hill Home Ownership Limited have been shown separately. The comparatives were adjusted accordingly.

Group – continuing activities

Year ended 31 March 2010	Turnover £m Restated	Cost of Sales £m Restated	Operating costs £m Restated	Operating surplus £m Restated
Social housing lettings	161.2	–	(133.0)	28.2
Other lettings				
Student accommodation	6.9	–	(1.9)	5.0
Intermediate and market rent	1.5	–	0.1	1.6
	8.4	–	(1.8)	6.6
Other income and expenditure				
Development services	0.1	–	(3.2)	(3.1)
Sales and marketing services	1.5	(1.3)	(4.6)	(4.4)
Neighbourhood activities	0.6	–	(1.9)	(1.3)
First tranche shared ownership sales	27.7	(24.7)	–	3.0
Impairment	–	–	–	–
	29.9	(26.0)	(9.7)	(5.8)
Non-social housing activities				
Properties built for sale	8.3	(8.1)	(0.2)	–
Charitable fundraising activities	0.3	–	(0.3)	–
Commercial activities	2.2	–	(1.0)	1.2
Other activities	3.5	–	(4.0)	(0.5)
	14.3	(8.1)	(5.5)	0.7
Total	213.8	(34.1)	(150.0)	29.7

2. TURNOVER AND OPERATING SURPLUS BEFORE TAXATION (continued)

Trust – continuing activities

Year ended 31 March 2011	Turnover £m	Cost of Sales £m	Operating costs £m	Operating surplus £m
Social housing lettings	149.4	–	(129.7)	19.7
Other lettings				
Intermediate and market rent	1.1	–	(0.9)	0.2
Other income and expenditure				
Development services	12.8	(13.0)	(0.7)	(0.9)
Neighbourhood activities	0.6	–	(1.1)	(0.5)
Impairment	–	–	(5.2)	(5.2)
	13.4	(13.0)	(7.0)	(6.6)
Non-social housing activities				
Commercial properties	5.7	–	(2.7)	3.0
Charitable fundraising activities	0.8	–	(0.3)	0.5
	6.5	–	(3.0)	3.5
Total	170.4	(13.0)	(140.6)	16.8

Trust – continuing activities

Year ended 31 March 2010	Turnover £m	Cost of Sales £m	Operating costs £m	Operating surplus £m
Social housing lettings	120.1	–	(108.0)	12.1
Other lettings				
Intermediate and market rent	–	–	–	–
Other income and expenditure				
Development services	12.3	(12.3)	(3.0)	(3.0)
Neighbourhood activities	0.6	–	(1.8)	(1.2)
Impairment	–	–	(5.6)	(5.6)
	12.9	(12.3)	(10.4)	(9.8)
Non-social housing activities				
Commercial properties	2.1	–	(0.9)	1.2
Charitable fundraising activities	0.3	–	(0.3)	–
	2.4	–	(1.2)	1.2
Total	135.4	(12.3)	(119.6)	3.5

3. INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

Group	Rented Social Housing £m	Shared Ownership £m	Temporary Housing £m	Leased Housing £m	Supported Housing £m	2011 Total £m	2010 Total £m Restated
Year ended 31 March 2011							
Income from lettings							
Rent receivable	80.6	13.9	45.7	1.6	5.9	147.7	135.2
Service charges receivable	4.5	5.3	–	–	3.4	13.2	10.7
Net rents receivable	85.1	19.2	45.7	1.6	9.3	160.9	145.9
Other grants	0.8	–	–	–	4.8	5.6	5.7
Other income	0.3	1.9	0.3	–	8.5	11.0	9.6
Total income from lettings	86.2	21.1	46.0	1.6	22.6	177.5	161.2
Expenditure on letting activities							
Management	(23.7)	(3.8)	(5.1)	–	(4.6)	(37.2)	(31.6)
Care and support costs	–	–	–	–	(9.5)	(9.5)	(8.7)
Service charges	(3.6)	(5.2)	–	–	(2.4)	(11.2)	(10.2)
Routine maintenance	(19.5)	(0.8)	(2.3)	–	(0.1)	(22.7)	(24.5)
Planned maintenance	(6.5)	–	–	–	(2.1)	(8.6)	(8.1)
Major repairs	(10.8)	–	–	–	(0.8)	(11.6)	(10.0)
Rent losses from bad debts	(0.5)	–	(0.9)	–	(0.3)	(1.7)	(2.3)
Lease charges	–	–	(30.2)	(0.9)	–	(31.1)	(32.7)
Depreciation	(8.6)	(0.2)	(0.1)	–	(1.0)	(9.9)	(4.2)
Other	–	–	–	–	(0.9)	(0.9)	(0.7)
Total expenditure on lettings	(73.2)	(10.0)	(38.6)	(0.9)	(21.7)	(144.4)	(133.0)
Operating surplus on lettings activities	13.0	11.1	7.4	0.7	0.9	33.1	28.2
Void losses	1.0	–	0.7	–	0.3	2.0	3.0

In 2011, sales and marketing services in Notting Hill Home Ownership have been shown separately. The comparatives have been adjusted accordingly.

3. INCOME AND EXPENDITURE FROM SOCIAL LETTINGS (continued)

Trust	Rented Social Housing	Temporary Housing	Leased Housing	Supported Housing	2011 Total	2010 Total
	£m	£m	£m	£m	£m	£m
Year ended 31 March 2011						
Income from lettings						
Rent receivable	75.0	45.6	1.6	5.5	127.7	102.9
Service charges receivable	4.1	–	–	3.0	7.1	4.7
Net rents receivable	79.1	45.6	1.6	8.5	134.8	107.6
Other grants	–	–	–	4.8	4.8	5.0
Other income	1.0	0.3	–	8.5	9.8	7.5
Total income from lettings	80.1	45.9	1.6	21.8	149.4	120.1
Expenditure on letting activities						
Management	(21.5)	(5.1)	–	(4.3)	(30.9)	(20.4)
Care and support costs	–	–	–	(9.4)	(9.4)	(8.6)
Service charges	(3.0)	–	–	(2.2)	(5.2)	(4.2)
Routine maintenance	(18.9)	(2.3)	–	–	(21.2)	(20.3)
Planned maintenance	(6.3)	–	–	(2.0)	(8.3)	(6.7)
Major repairs	(10.8)	–	–	(0.8)	(11.6)	(9.9)
Rent losses from bad debts	(0.5)	(0.9)	–	(0.3)	(1.7)	(2.0)
Lease charges	–	(30.2)	(0.9)	–	(31.1)	(32.7)
Depreciation	(8.3)	(0.1)	–	(1.0)	(9.4)	(2.5)
Other	–	–	–	(0.9)	(0.9)	(0.7)
Total expenditure on lettings	(69.3)	(38.6)	(0.9)	(20.9)	(129.7)	(108.0)
Operating surplus on lettings activities	10.8	7.3	0.7	0.9	19.7	12.1
Void losses	0.9	0.7	–	0.3	1.9	2.7

4. SURPLUS ON SALE OF FIXED ASSETS

Group	Housing properties	Office property	Quoted investments	2011 Total	2010 Total
	£m	£m	£m	£m	£m
Disposal proceeds	18.0	10.5	0.1	28.6	17.9
Social Housing Grant	–	–	–	–	–
Transferred to Commercial Buildings	–	–	–	–	1.3
Carrying value of fixed assets	(10.6)	(2.8)	–	(13.4)	(10.4)
At 31 March	7.4	7.7	0.1	15.2	8.8

Trust	Housing properties	Office property	Quoted investments	2011 Total	2010 Total
	£m	£m	£m	£m	£m
Disposal proceeds	6.9	10.5	0.1	17.5	3.0
Social Housing Grant	–	–	–	–	–
Carrying value of fixed assets	(3.8)	(2.8)	–	(6.6)	(1.0)
At 31 March	3.1	7.7	0.1	10.9	2.0

5. OTHER INCOME

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Cash donations from other Group entities	–	–	3.7	4.9

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Bank deposits	0.5	1.3	0.1	0.6
Intercompany	–	–	2.5	1.7
	0.5	1.3	2.6	2.3

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Indexation on loans	1.7	1.3	1.7	1.3
Other loans	32.4	34.5	21.4	10.7
	34.1	35.8	23.1	12.0
Less: interest capitalised on developments at 0.9% per annum (2010: 1.01%)	(1.6)	(4.1)	(0.3)	(0.1)
	32.5	31.7	22.8	11.9

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation on housing properties	9.9	5.2	9.4	2.5
Depreciation on other fixed assets	2.7	4.8	2.4	3.6
Impairment	4.5	–	3.4	5.6
Rent for office accommodation	2.5	2.5	2.5	2.5
Computer hire	0.3	0.3	0.3	0.3
Auditors remuneration (£000's):				
Audit services (including VAT)	129.9	147.5	61.3	53.2
Non audit services (including VAT)				
– Acquisition of new entities	–	92.0	–	–
– Taxation services	11.7	2.0	11.7	–
– Provision of professional training	7.0	–	7.0	–
– Work on 2010 bond issue	47.0	–	47.0	–

9. TAXATION

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Current tax				
UK corporation tax on surplus for the year	–	–	–	–
	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Current tax reconciliation				
Surplus on ordinary activities before tax	9.8	8.1	13.8	0.8
Theoretical tax at UK corporation tax rate 28% (2010: 28%)	2.7	2.3	3.9	0.2
Differences in base cost for staircasing	(2.8)	–	–	–
Differences in base cost for initial sales	–	(2.4)	–	–
Non-deductable expenditure	–	0.1	–	–
Indexation on capital gains	(0.6)	(0.5)	–	–
Capitalised interest	0.3	0.2	–	–
Indexation on sales	–	–	–	–
Charitable activities	1.3	(0.2)	(3.9)	(0.2)
Losses carried forward	(1.2)	0.4	–	–
LLP income in excess of brought forward LLP losses	–	0.1	–	–
Depreciation in excess of/(less than) capital allowances	0.1	–	–	–
Impairment of fixed assets	0.2	–	–	–
Current tax charge	–	–	–	–

10. HOUSING PROPERTIES

Group	Completed properties held for letting £m	Market Rent accommodation at valuation £m	Letting properties in the course of development £m	Completed Shared Ownership properties £m	Shared Ownership properties in the course of development £m	Total £m
Cost or valuation as previously stated	1,446.2	17.1	273.8	324.0	106.8	2,167.9
Prior year adjustment (see note 38)	13.8	–	–	–	–	13.8
Reclassification	–	–	30.2	–	(30.2)	–
At 1 April 2010 as restated	1,460.0	17.1	304.0	324.0	76.6	2,181.7
Additions	35.2	2.9	65.5	–	2.7	106.3
Stock reclassification (see note below)	–	–	–	–	(8.9)	(8.9)
Works to existing properties	8.8	–	–	–	–	8.8
Properties completed	139.7	–	(139.7)	28.1	(28.1)	–
Surplus on revaluation of property	–	15.5	–	–	–	15.5
Impairment	–	(1.1)	–	–	–	(1.1)
Disposals	(5.9)	–	–	(8.5)	–	(14.4)
At 31 March 2011	1,637.8	34.4	229.8	343.6	42.3	2,287.9
Depreciation						
Balance brought forward as previously stated	33.7	–	–	1.7	–	35.4
Prior year adjustment (see note 38)	16.7	–	–	–	–	16.7
At 1 April 2010 as restated	50.4	–	–	1.7	–	52.1
Charge for the year	9.7	–	–	0.2	–	9.9
Disposals	(0.1)	–	–	–	–	(0.1)
At 31 March 2011	60.0	–	–	1.9	–	61.9
Depreciated cost						
At 31 March 2011	1,577.8	34.4	229.8	341.7	42.3	2,226.0
At 31 March 2010	1,409.6	17.1	304.0	322.3	76.6	2,129.6
Grants						
At 1 April 2010						
Social housing grant	(819.7)	–	(146.0)	(156.8)	(19.1)	(1,141.6)
Other grants	–	–	(4.2)	–	–	(4.2)
	(819.7)	–	(150.2)	(156.8)	(19.1)	(1,145.8)
Additions	(0.7)	–	(75.9)	(0.9)	(20.9)	(98.4)
Schemes completed	(85.3)	–	85.3	(16.1)	16.1	–
Transferred to RCGF and DPF on disposal	3.5	–	–	2.9	–	6.4
At 31 March 2011	(902.2)	–	(140.8)	(170.9)	(23.9)	(1,237.8)
Social Housing Grant	(902.2)	–	(136.6)	(170.9)	(23.9)	(1,233.6)
Other grant	–	–	(4.2)	–	–	(4.2)
	(902.2)	–	(140.8)	(170.9)	(23.9)	(1,237.8)
Net Book Value						
At 31 March 2011	675.6	34.4	89.0	170.8	18.4	988.2
At 31 March 2010	589.9	17.1	153.8	165.5	57.5	983.8

Note: Reassessment of percentage of schemes in progress to be held as current assets

10. HOUSING PROPERTIES (continued)

Trust	Completed housing properties £m	Housing properties in the course of development £m	Total £m
Cost as previously stated			
Balance brought forward	886.3	169.8	1,056.1
Prior year adjustment (see note 38)	11.9	–	11.9
At 1 April 2010 as restated	898.2	169.8	1,068.0
Transfer of engagements	510.6	–	510.6
Additions	28.7	170.2	198.9
Stock reclassification (see note below)	–	(28.1)	(28.1)
Works to existing properties	8.8	–	8.8
Properties completed	139.8	(139.8)	–
Disposals and stock transfers	(3.4)	–	(3.4)
At 31 March 2011	1,582.7	172.1	1,754.8
Depreciation			
Balance brought forward as previously stated	21.5	–	21.5
Prior year adjustment (see note 38)	28.0	–	28.0
At 1 April 2010 as restated	49.5	–	49.5
Charge for the year	9.4	–	9.4
At 31 March 2011	58.9	–	58.9
Depreciated cost			
At 31 March 2011	1,523.8	172.1	1,695.9
At 31 March 2010	848.7	169.8	1,018.5
Grants			
At 1 April 2010			
Social Housing Grant	(573.6)	(122.2)	(695.8)
Other grants	–	(4.2)	(4.2)
	(573.6)	(126.4)	(700.0)
Transfer of engagements	(244.7)	–	(244.7)
Additions	(0.7)	(99.7)	(100.4)
Schemes completed	(85.3)	85.3	–
Transferred to RCGF and DPF on disposal	2.1	–	2.1
At 31 March 2011	(902.2)	(140.8)	(1,043.0)
Social Housing Grant	(902.2)	(136.6)	(1,038.8)
Other grants	–	(4.2)	(4.2)
	(902.2)	(140.8)	(1,043.0)
Net Book Value			
At 31 March 2011	621.6	31.3	652.9
At 31 March 2010	275.1	43.4	318.5

Note: Reassessment of percentage of schemes in progress to be held as current assets

10. HOUSING PROPERTIES (continued)

	Group		Trust	
	2011	2010	2011	2010
	Restated	Restated	Restated	Restated
	£m	£m	£m	£m
Housing Properties comprise:				
Freeholds	2,186.5	2,080.3	1,713.9	1,027.1
Long leaseholds	101.1	101.1	40.6	40.6
Short leaseholds	0.3	0.3	0.3	0.3
	2,287.9	2,181.7	1,754.8	1,068.0
	Group		Trust	
	2011	2010	2011	2010
	£m	£m	£m	£m
Additions to properties include:				
Capitalised interest	1.8	4.1	0.3	0.1
Capitalised development salaries and overheads	4.9	4.2	3.0	1.6

The accounts include market rent accommodation at open market value commercial basis subject to tenancies. These were valued by King Sturge, Members of the Royal Institute of Chartered Surveyors at 31 March 2011.

Expenditure on works to existing properties

	Group		Trust	
	2011	2010	2011	2010
	£m	£m	£m	£m
Amounts capitalised	8.8	6.4	8.8	6.3
Amounts charged to income and expenditure account	11.8	10.2	11.8	9.2
	20.6	16.6	20.6	15.5

Social Housing Grant

	Group		Trust	
	2011	2010	2011	2010
	£m	£m	£m	£m
Total accumulated SHG receivable at 31 March was:				
Capital grants	1,233.6	1,141.6	1,038.8	695.8
Revenue grants	18.3	18.3	18.3	18.3
	1,251.9	1,159.9	1,057.1	714.1

11. OTHER FIXED ASSETS

Group	Commercial Buildings	Other land and buildings	Other tangible assets	Total assets
	£m	£m	£m	£m
Cost or valuation				
At 1 April 2010	29.8	18.7	24.5	73.0
Additions	0.3	17.8	1.4	19.5
Disposals	–	(3.2)	(0.5)	(3.7)
At 31 March 2011	30.1	33.3	25.4	88.8
Depreciation				
At 1 April 2010	–	3.8	20.6	24.4
Charge for the year	–	0.8	1.9	2.7
Disposals	–	(0.7)	(0.4)	(1.1)
At 31 March 2011	–	3.9	22.1	26.0
Net Book Value				
At 31 March 2011	30.1	29.4	3.3	62.8
At 31 March 2010	29.8	14.9	3.9	48.6

The accounts include commercial properties at open market value with vacant possession. These were valued by Dunphys Ltd, Members of the Royal Institute of Chartered Surveyors at 31 March 2011.

11. OTHER FIXED ASSETS (continued)

Trust	Other land and buildings	Other tangible assets	Total assets
	£m	£m	
Cost			
At 1 April 2010	8.6	17.5	26.1
Transfer of engagement	10.1	4.2	14.3
Additions	17.8	1.3	19.1
Disposals	(3.2)	(0.3)	(3.5)
At 31 March 2011	<u>33.3</u>	<u>22.7</u>	<u>56.0</u>
Depreciation			
At 1 April 2010	(2.3)	(14.6)	(16.9)
Transfer of engagement	(1.4)	(3.7)	(5.1)
Charge for the year	(0.8)	(1.6)	(2.4)
Disposals	0.7	0.2	0.9
At 31 March 2011	<u>(3.8)</u>	<u>(19.7)</u>	<u>(23.5)</u>
Net Book Value			
At 31 March 2011	<u>29.5</u>	<u>3.0</u>	<u>32.5</u>
At 31 March 2010	<u>6.3</u>	<u>2.9</u>	<u>9.2</u>

12. INVESTMENT IN HOMEBUY ACTIVITIES

	Group		Group	
	2011 Loans to customers £m	2011 Grants receivable £m	2010 Loans to customers £m	2010 Grants receivable £m
At 1 April	45.9	(45.9)	48.9	(48.9)
Paid and received in year	–	–	–	–
Redeemed investment and grants transferred to RCGF	(2.2)	2.2	(3.0)	3.0
At 31 March	<u>43.7</u>	<u>(43.7)</u>	<u>45.9</u>	<u>(45.9)</u>

13. NUMBER OF DWELLINGS UNDER DEVELOPMENT AND IN MANAGEMENT

	Group		Trust	
	2011 No.	2010 No.	2011 No.	2010 No.
In the development programme				
Commercial property	43	43	1	2
Rented social housing	2,392	2,227	1,499	2,227
Shared Ownership housing	1,986	1,546	–	–
Outright sales	1,102	945	–	–
Market Rent	–	30	–	–
Intermediate Market Rent	50	39	53	39
	<u>5,573</u>	<u>4,830</u>	<u>1,553</u>	<u>2,268</u>
In management at the end of the year				
Rented social housing	15,628	14,606	15,628	10,609
Shared Ownership housing	4,523	4,360	58	28
Temporary housing	2,382	2,432	2,382	2,432
Leased housing accommodation	102	179	102	179
Market Rent accommodation	482	312	213	–
Intermediate rent accommodation	54	54	–	–
Student accommodation	839	839	–	–
Supported housing and housing for older people	1,233	1,296	1,233	951
Leasehold in management	1,579	2,183	340	766
	<u>26,822</u>	<u>26,261</u>	<u>19,956</u>	<u>14,965</u>
Owned but not managed				
General needs rented housing	471	554	471	392
Supported housing and housing for older people	586	498	586	477
	<u>1,057</u>	<u>1,052</u>	<u>1,057</u>	<u>869</u>

14. INVESTMENTS

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Other investments				
Investment in Notting Hill Commercial Properties Ltd	–	–	22.1	10.1
Investment in Great Eastern Quay Ltd	–	–	4.6	4.6
Investment in Notting Hill Market Rent Ltd	–	–	22.2	22.2
Investment in Great Eastern Homes LLP	–	–	25.0	23.6
Investment in Notting Hill Home Ownership	–	–	–	8.0
Investment in Presentation Market Rent	–	–	15.6	–
Investment in Touareg	–	–	11.5	–
Investment in Arawak	–	–	0.2	–
Investment in Cheyenne	–	–	–	–
Loan to KLA Twickenham Road LLP	0.8	1.4	–	–
	0.8	1.4	101.2	68.5

Investment in subsidiaries

As required by statute, the financial statements consolidate the results of Notting Hill Housing Trust and its subsidiaries at 31 March 2011 (see note 34).

The Trust has the right to appoint members to the boards of all of its subsidiaries, thereby exercising control.

Notting Hill Commercial Properties Limited made loans to Wandsworth Parkside LLP and KLA Twickenham LLP in the amount of £800,000 (2010: £1,440,000) at 12% per annum for development of two sites.

- It has invested £51,000 as shares and loans in Notting Hill Pocket LLP, a joint venture with Pocket Living Limited. This investment has been made to facilitate the development of small affordable flats in London. The company owns 51% of Notting Hill Pocket LLP and jointly controls it with Pocket Living

Limited. The investment was impaired during the year.

- It has invested £14.3m as shares in Seward Street Developments LLP, a joint venture with Mount Anvil PLC. This investment has been made to fund the development of 107 private sale units. The company owns 75% of Seward Street Developments LLP.

During the year the Trust provided management services for Notting Hill Developments Limited, Notting Hill Home Ownership Limited, Presentation Housing Association Limited, Arawak Development Limited, Gharana Housing Association Limited, Olmec Limited, Notting Hill Market Rent Limited and Presentation Market Rent Limited and charged them £3,649,000 (2010: £4,342,000).

15. PROPERTIES IN THE COURSE OF SALE

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Properties under construction	125.2	80.0	47.9	6.0
Completed properties	2.9	9.6	–	–
	128.1	89.6	47.9	6.0

16. DEBTORS FALLING DUE WITHIN ONE YEAR

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Rental debtors	19.6	19.9	14.9	14.5
Less provision	(9.9)	(12.0)	(8.7)	(10.0)
	9.7	7.9	6.2	4.5
Trade debtors	0.7	1.1	0.5	0.5
Social Housing Grant receivable	6.9	8.7	6.2	8.6
Amounts receivable from local authorities	1.5	1.3	1.5	1.7
Amounts owed by subsidiary undertakings	–	–	5.3	8.3
Value added tax receivable	0.7	1.4	–	–
Other debtors	11.4	10.2	11.2	2.1
Prepayments and accrued income	3.1	2.3	2.3	1.7
	34.0	32.9	33.2	27.4

17. CURRENT ASSET INVESTMENTS

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Investments listed on a recognised stock exchange	0.2	0.3	0.2	0.3
Short term deposits	4.7	2.1	4.8	–
Loan to Presentation Housing Association (See note 34)	–	–	–	29.9
	4.9	2.4	5.0	30.2

The above-mentioned listed investments are authorised for sale within 12 months. At 31 March 2011 these had a cost of £73,000 and are stated at market value. During the year ended 31 March 2011, the engagements of Presentation Housing Association were transferred to Notting Hill Housing Trust. The loan from Notting Hill Housing Trust to Presentation Housing Association was settled on transfer.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Trust	
	2011	2010	2011	2010
	£m	Restated £m	£m	Restated £m
Housing loans (note 21)	3.7	3.2	3.4	2.6
Bank loans overdraft and other loans	–	2.9	–	–
Trade creditors	5.8	10.9	4.2	2.5
Amounts owed to Group undertakings	–	–	2.0	0.7
Other taxes and social security	1.6	1.0	1.6	0.9
Deferred purchase completion monies	39.3	–	33.4	–
Stock transfer (note 19)	8.5	6.4	8.5	–
Other creditors	14.4	18.8	8.3	6.0
Accruals and deferred income	44.7	34.3	32.3	18.1
	118.0	77.5	93.7	30.8

19. DEFERRED ASSETS

	Group		Trust	
	2011	2010	2011	2010
	£m	£m	£m	£m
Stock Transfer	5.3	10.8	5.3	–
Barnet Surplus and deficit agreement	3.4	2.2	3.4	2.2
Other long term debtors	0.3	–	0.2	–
	9.0	13.0	8.9	2.2

The stock transfer figure relate to a works programme to be undertaken on the Bolney Meadow estate, which was transferred from the London Borough of Lambeth. The amount represents the Group's prepayment for assets for which it has legally binding

obligation to the London Borough of Lambeth to undertake the works under the refurbishment contract. The VAT saving under this agreement will be shared between the Group and the Local Authority.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE ONE YEAR

	Group		Trust	
	2011	2010	2011	2010
	£m	Restated £m	£m	Restated £m
Housing loans (note 21)	828.3	807.9	581.5	268.8
Deferred purchase completion monies	–	30.1	–	27.1
Obligations under leased housing schemes	1.9	0.6	1.8	0.6
Recycled capital grant fund	21.1	12.9	3.8	0.1
Disposal proceeds fund	9.8	7.8	9.8	6.8
Pension deficit liability	0.4	1.1	0.4	1.1
Derivative financial instruments	22.2	23.5	16.1	15.3
	883.7	883.9	613.4	319.8

Recycled capital grant fund

	Group		Trust	
	2011	2010	2011	2010
	£m	£m	£m	£m
At 1 April 2010	12.9	9.6	0.1	–
Acquisitions	–	4.8	4.4	–
Grants recycled	11.2	5.1	–	0.1
Interest accrued	–	0.1	–	–
Transferred from other Group member	–	(3.9)	(3.2)	–
Used to finance new provision	(3.0)	(2.8)	(3.9)	–
At 31 March 2011	21.1	12.9	3.8	0.1

Disposals proceeds fund

	Group		Trust	
	2011	2010	2011	2010
	£m	£m	£m	£m
At 1 April 2010	7.8	7.8	6.8	7.8
Transfers of engagements	–	1.5	1.2	–
Grants recycled	1.9	1.5	1.7	1.4
Interest accrued	0.1	0.1	0.1	0.1
Transferred from other Group member	–	–	–	–
New Build	–	(3.1)	–	(2.5)
At 31 March 2011	9.8	7.8	9.8	6.8

21. LOANS

	Group		Trust	
	2011 £m	2010 Restated £m	2011 £m	2010 Restated £m
Secured loans and overdrafts	810.4	788.9	563.3	249.2
Non-recourse secured bank loans	21.6	22.2	21.6	22.2
Housing loans	832.0	811.1	584.9	271.4
Analysis of loan repayments				
Repayable on maturity	220.0	40.0	220.0	40.0
Repayable by annual instalments:				
– within one year or on demand	3.7	3.2	3.4	2.6
– between one and two years	9.8	4.4	4.2	4.8
– within two to five years	15.4	15.2	12.9	13.2
– in five years or more	583.1	748.3	344.4	210.8
	832.0	811.1	584.9	271.4

The loans are secured by fixed charges on individual properties.

The bank and other loans are repaid in quarterly and half-yearly instalments at rates and variable rates of interest ranging from 0.8% to 11.3%. The final monthly instalments fall to be repaid in the period 2011 to 2037.

At 31 March 2011 the Group had undrawn loan facilities of £264m (2010: £277m).

Surplus cash is either used to firstly repay short term or other variable rate loans or deposited on the money market at varying maturities. Any cash deposited is spread amongst a number of financial institutions that exceed a minimum rating approved by the Board.

The group loan amount includes the fair value of loans due to the acquisition of Presentation and has been netted off by loan arrangement fees, which are written off over the term of each

loan. The group loan balance of £832m includes the fair value uplift on acquisition of £6.7m with a balance of £6m remaining to be written off from loan arrangement fees. On 30 June 2010, the Trust issued a £180m 5.25% bond due 7 July 2042. The bond was issued at £99.861 per £100, giving an effective rate of 5.259% or 1.1% above 4.50% 2042 gilt. As part of loan portfolio the Trust has also taken part in £25m of a £125m Debenture Stock 2018 issued at 8.375%. A further loan of £15m was borrowed from The Housing Finance Corporation at a variable rate. These loans were secured by fixed charges on individual properties.

The Trust loan amount includes the fair value of loans due to the acquisition of Presentation and has been netted off by loan arrangement fees which are written off over the term of each loan. The fair value adjustment to the loan is £3.4m and the balance remaining to be written off from loan arrangement fees is

£3.3m and these have been combined with a book loan balance of £584.8m giving a net loan balance of £584.9m.

As at the year end £164m of the Group's variable rate debt had its interest rate hedged by interest rate swaps.

The following is an analysis of the anticipated contractual cash flows including interest payable for the Group's financial liabilities on an undiscounted basis. Interest is calculated

on drawn debt held as at 31 March 2011. For the purposes of this table, debt is defined as drawn bank loans and drawn bond financing and excludes deferred finance, capitalised costs and negative goodwill. Floating rate interest is determined using the prevailing implied forward rates as at the balance sheet date.

	Debt £m	Interest on debt £m	Cashflows on derivative financial instruments £m	Total £m
0-1 year	4.0	27.7	5.2	36.9
1-2 years	10.0	30.8	3.9	44.7
2-5 years	16.1	111.4	4.3	131.8
Over 5 years	801.2	689.3	4.1	1,494.6
	831.3	859.2	17.5	1,708.0

22. PROVISIONS FOR LIABILITIES

Group and Trust	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Provisions				
As 1 April 2010	1.3	1.3	1.3	1.3
Utilised in the year	0.1	0.1	0.1	0.1
Release of provision	(0.2)	(0.1)	(0.2)	(0.1)
At 31 March 2011	1.2	1.3	1.2	1.3
Stock transfer	5.3	10.7	5.3	–
	6.5	12.0	6.5	1.3

22. PROVISIONS FOR LIABILITIES (continued)

Provisions are to provide for restoration of properties at the end of short-term leases. The balance in respect of stock transfers relates to the costs of work programme to be undertaken on the transferred Bolney Meadow in the London Borough of Lambeth. The amount stated represent the Group's legally binding obligation to the London Borough of Lambeth to undertake works under the contract. The VAT saving under this agreement will be shared between the Group and the Local Authority.

23. CALLED UP SHARE CAPITAL

	2011	2010
	£	£
At 1 April	88	95
Transfer of engagements	44	–
Issued during the year	–	5
Redeemed during the year	(35)	(12)
	97	88

The shares are non transferable and do not carry a right to interest or dividends and are cancelled on death or withdrawn from the Trust.

The shares do not have any redemption value, and on cancellation the amount paid becomes the property of the Trust.

24. RESERVES

	General reserves £m	Revaluation reserves £m	Designated reserves £m	Negative goodwill reserves £m	Minority interest reserves £m	Total reserves £m
Group						
Balance brought forward	188.4	1.6	5.7	67.8	–	263.5
Prior year adjustment (Note 38)	19.8	0	(5.6)	(67.8)	–	(53.6)
At 1 April 2010	208.2	1.6	0.1	–	–	209.9
Disposals	(0.3)	–	(0.1)	–	–	(0.4)
Surplus in the year	9.8	15.6	–	–	–	25.4
Actuarial deficit	0.4	–	–	–	–	0.4
Minority interest	–	–	–	–	4.8	4.8
At 31 March 2011	218.1	17.2	–	–	4.8	240.1
	General reserves £m	Revaluation reserves £m	Designated reserves £m	Negative goodwill reserves £m	Minority interest reserves £m	Total reserves £m
Trust						
Balance brought forward	144.6	0.2	–	–	–	144.8
Prior year adjustment (Note 38)	(32.9)	–	–	–	–	(32.9)
At 1 April 2010	111.7	0.2	–	–	–	111.9
Transfer of engagements	44.7	0.5	–	–	–	45.2
Surplus in the year	13.8	0.4	–	–	–	14.2
Actuarial deficit	0.4	–	–	–	–	0.4
At 31 March 2011	170.6	1.1	–	–	–	171.7

The revaluation reserve relates to the surplus of current open market value over historical cost of market rent accommodation (see note 10) and commercial buildings (see note 11).

25. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group	
	2011	2010
	£m	£m
Operating surplus	40.9	29.7
Depreciation	12.8	9.0
Impairment	4.3	–
Amortisation of loan set up costs	0.5	–
(Increase)/decrease in properties and other assets in the course of sale	(38.5)	13.4
(Increase) in debtors	(0.2)	(3.4)
Increase in creditors	14.3	8.9
Net cash inflow from operating activities at 31 March 2011	34.1	57.6

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Group	
	2011	2010
	£m	Restated £m
(Increase)/decrease in cash	(8.9)	9.4
Cash flow from (increase)/decrease in liquid resources	(2.5)	8.8
Cash flow from decrease/(increase) in debt and lease finance	39.4	(7.5)
Loans repaid	–	0.8
Acquisitions	–	343.6
Non cashflow changes	0.5	0.3
Financial derivatives	6.6	25.6
Total changes in net debt for the year	35.1	381.0
Net debt at 1 April 2010	771.7	416.3
Net debt at 31 March 2011	806.8	797.3

27. ANALYSIS OF DEBT

	1 April 2010 Restated £m	Cash flow £m	Non cashflow changes £m	31 March 2011 £m
Cash at bank and in hand	11.4	8.9	–	20.3
Current asset investment	2.4	2.5	–	4.9
Loans				
Short term loans	(3.2)	–	(0.5)	(3.7)
Long term loans	(782.3)	(39.4)	–	(821.7)
Financial derivatives	(25.6)	–	19.0	(6.6)
Changes in net debt	(797.3)	(28.0)	18.5	(806.8)

28. PENSION OBLIGATIONS

The Trust's employees are members of London Borough of Richmond Pension Fund (LBRPF), London Borough of Islington Pension fund (LBIPF) or of the Social Housing Pension Scheme (SHPS). The employees of other Group members are members of the SHPS. Further information on each scheme (apart from LBIPF, where figures are not material to the accounts) is given below. The group also contributes to a number of other defined contribution pension schemes for certain employees. Contributions to these schemes are immaterial consequently details of the schemes are not provided.

Social Housing Pension Scheme (Group and Trust)

SHPS is a defined benefit scheme. 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 the multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustees commission an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

The next triennial formal valuation of the Scheme is due as at 30 September 2011. The results of the valuation will be available in the Autumn of 2012.

Group contributions to the scheme in the period amounted to £2.0m (2010: £1.6m). Trust contributions to the scheme in the period amounted to £1.6m (2010: £1.4m).

London Borough of Richmond Pension Fund (LBRPF)

The LBRPF is a multi-employer scheme, administered by London Borough of Richmond under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2007 by a qualified independent actuary. The amounts recognised in the consolidated balance sheet are as follows:

	2011 £m	2010 £m
Year ended 31 March		
Fair value of plan assets	1.9	1.6
Present value of funded retirement benefit obligations	(2.3)	(2.7)
Net liability	(0.4)	(1.1)

The cumulative actuarial gain/(losses) recognised in the statement of total recognised surpluses and deficits at 31 March 2011 was £341,000 (2010: (£104,000)). The charge to the income and expenditure account was £288k (2010: £100k).

29. EMPLOYEE INFORMATION

The number of full time equivalent persons (including part time staff) employed on a weekly average basis was:

	Group		Trust	
	2011 No.	2010 No.	2011 No.	2010 No.
Staff engaged in managing or maintaining housing stock	341	362	325	314
Staff engaged in developing or selling housing stock	74	59	41	59
Staff providing central administration services	132	145	132	140
Staff providing care and support	268	236	268	206
	815	802	766	719

Staff costs for the above persons:

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Wages and salaries	27.8	25.0	25.0	21.8
Social security costs	2.6	2.4	2.3	2.1
Other pension costs (see note 28)	2.4	1.9	2.2	1.6
	32.8	29.3	29.5	25.5

30. CAPITAL COMMITMENTS

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	349.6	208.0	183.6	111.4
Capital expenditure that has been authorised by the Board but has not yet been contracted for.	173.9	190.5	82.9	147.1

Capital commitments will be funded by a combination of Social Housing Grant, drawdown of existing or new loan facilities, issuing of bonds and or by internal resources.

31. OPERATING LEASES

The payment which the Group and Trust is committed to make in the next year under operating leases are as follows:

	Group and Trust	
	2011 £m	2010 £m
Land and buildings		
Office rents		
– Less than one year	2.5	–
– One to five years	–	2.5
Computers		
– Less than one year	0.1	–
– One to five years	0.2	0.3

32. BOARD AND EXECUTIVE DIRECTORS' EMOLUMENTS

	Group	
	2011 £'000	2010 £'000
The remuneration of the members of the Board and the Executive Directors was:		
Fees for members of the Board	96	111
Management services of Executive Directors (including pension contributions and benefits in kind).	851	751
Remuneration for management services (excluding pension contributions) includes the amount paid to the highest paid Director.	170	170
Chair of Board	17	17
Chair of committees	8	8
Board member	6	6
Committee member	3	3

Each member is only entitled to one payment, being the highest relevant one.

32. BOARD AND EXECUTIVE DIRECTORS' EMOLUMENTS (continued)

	Salaries £'000	Car Benefits £'000	Pension costs £'000	Bonus £'000	2011 Total £'000	2010 Total £'000
Kate Davies, Group Chief Executive	159	11	14	–	184	197
John Hughes, Group Director of Development and New Business	125	8	30	–	163	130
Paul Phillips, Group Finance Director	125	8	11	–	144	146
Alastair Clegg, Group Corporate Services Director	92	8	22	–	122	106
Andrew Belton, Chief Operating Officer	125	8	11	10	154	144
Kath King, Group Director of Asset Management Appointed 26 April 2010	79	–	5	–	84	–
Femi Adewole, Group Operations Director Resigned 30 June 2009	–	–	–	–	–	28
	705	43	93	10	851	751

The Chief Executive is an ordinary member of the pension scheme operated by the Social Housing Pension Scheme on behalf of all qualifying employees. No special or enhanced terms apply to her membership of the scheme.

33. TRANSACTIONS WITH RELATED PARTIES

At 31 March 2011 there was one member on the Board who had a tenancy with the Trust. The tenancy agreement had been granted on the same terms as for all other tenants, and the housing management procedures, including those relating to management of arrears have been applied consistently to this tenant.

During the year Notting Hill Home Ownership Ltd charged Seward Street Developments LLP £29,000 (2010: £nil) in respect of administration costs. At 31 March 2011 £29,000 (2010: £nil) was owed to Notting Hill Home Ownership Ltd.

34. INCORPORATION, SUBSIDIARIES AND JOINT VENTURES

Notting Hill Housing Trust is incorporated in England under the Industrial and Provident Societies Act 1965 and is required by statute to prepare Group accounts. The Trust is a Registered Housing Provider as defined by the Housing and Regeneration Act 2008.

Notting Hill Housing Trust and its subsidiaries have throughout the year held balances with each other. These balances relate to normal trading transactions between each of the entities.

Notting Hill Housing Trust, has taken advantage of the exemption contained in Financial Reporting Standard 8 – “Related Party Disclosures” (FRS 8), and has therefore not disclosed transactions or balances with wholly owned subsidiaries.

On 1 June 2010, Olmec Limited left the Notting Hill Housing Group and begin its future as an independent charitable organisation.

On 8 July 2010 Presentation Housing Association transferred its engagements to Notting Hill Housing Trust.

On 31 March 2011 Gharana Housing Association was acquired by Housing 21 Group.

34. INCORPORATION, SUBSIDIARIES AND JOINT VENTURES (continued)

The Trust has the following subsidiaries.

Company (Subsidiaries)	Principal activity	Parent	Country of registration
Notting Hill Home Ownership Limited	Performs the activities of a registered housing association	The Trust owns one of seven shares and controls the Board. The remaining six shares are held in trust for the Trust.	England and Wales
Notting Hill Commercial Properties Limited	Develops and lets commercial properties	The Trust – 100% shares	England and Wales
Notting Hill Developments Limited	Develops and sells properties	Notting Hill Commercial Properties Limited – 100% shares	England and Wales
Notting Hill Market Rent Limited	Rents properties at market rents	The Trust – 100% shares	England and Wales
Great Eastern Quay Limited	Investment in company	The Trust – 100% shares	England and Wales
Coreland Limited	Dormant company	The Trust – 100% shares	England and Wales
Great Eastern Homes LLP	Develops and sells properties	Jointly owned by Notting Hill Commercial Properties Limited and Great Eastern Quay Limited	England and Wales
Canonbury Developments Limited	Dormant company	Notting Hill Home Ownership Limited	England and Wales
Ajanta Limited	Dormant company	The Trust – 100% shares	England and Wales
Arawak Developments Limited	Develops properties	The Trust – 100% shares	England and Wales
Cheyne Limited	Investment in company	The Trust – 100% shares	England and Wales
Presentation Market Rent Limited	Rents properties at market rents	The Trust – 100% shares	England and Wales
Touareg Trust	Provides student accommodation	The Trust is sole guarantee member and controls the Board	England and Wales
Notting Hill Home Options Limited	Rents properties for social housing	The Trust – 100% shares	England and Wales
Seward Street Developments LLP	Develops and sells properties	Notting Hill Commercial Properties Limited – 75% control	England and Wales

34. INCORPORATION, SUBSIDIARIES AND JOINT VENTURES (continued)

The results of the subsidiaries are set out below:

	2011 £m	2010 £m
Notting Hill Home Ownership Limited	14.0	4.5
Notting Hill Commercial Properties Limited	0.2	0.2
Notting Hill Developments Limited	0.7	0.1
Notting Hill Market Rent Limited	(0.1)	1.3
Great Eastern Quay Limited	–	–
Coreland Limited	–	–
Great Eastern Homes LLP	(1.2)	(1.0)
Canonbury Developments Limited	–	–
Ajanta Limited	–	3.9
Arawak Limited	–	–
Cheyenne Limited	–	–
Presentation Market Rent Limited	0.4	–
Touareg Trust	0.5	–
Notting Hill Home Options Limited	–	–
Seward Street Developments LLP	–	–
Presentation Housing Association (see note below)	–	2.7
Gharana Housing Association Limited	–	–
Olmec Limited	–	–

Canonbury Developments Limited did not trade during the year to 31 March 2011.

Notting Hill Home Ownership Limited has a joint venture with Wandsworth Parkside LLP, and KLA Twickenham LLP companies registered in England and Wales (see opposite).

Notting Hill Commercial Properties Limited has a joint venture with Notting Hill Pocket LLP, a company registered in England and Wales. The company also has a joint venture with Seward Street Development LLP, a company registered in England and Wales (see note opposite).

Seward Street Developments LLP commenced trading on 6 October 2010. The Partnership is accounted for as a subsidiary of the Group, as the group share of the partnership is 75%. The remaining 25% is owned by Mount Anvil plc, whose share is represented by a minority interest of £4.8m at 31 March 2011 (2010: £nil).

The Group's investment in joint venture projects amounted to £0.8m (2010: £1.4m). Details of these investments are shown below.

Name	Nature of business	Share of capital commitments	Proportion of holding
Wandsworth Parkside LLP	Development of 159 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation.	Nil	50%
KLA Twickenham LLP	Development of 280 shared ownership, permanent rented, affordable keyworker and private for sale residential accommodation.	Nil	50%
Notting Hill Pocket LLP	Development of affordable housing	Nil	51%
Brenley Park LLP	Development of 169 shared ownership, permanent rented and private for sale residential accommodation	Nil	50%

The contingent liability is limited to the amount invested.

In 1999 Presentation Housing Association entered into partnership with two other Registered Providers in order to fund the Estate Renewal Challenge Fund (ERCF) transfer of the 1,044 homes on the St. Martins Estate in South London. Upon transfer of engagements to Notting Hill Housing Trust, this partnership has continued. Notting Hill Housing Trust has accounted for its share of income and assets (18.36% ownership) in accordance with FRS 9 as a JANE (Joint Arrangement Not an Entity).

35. LEGAL STATUS

The Trust is registered under the Industrial and Provident Societies Act 1965 and is registered with the Tenant Services Authority as a social landlord.

36. POST BALANCE SHEETS

There have been no significant events between the year end date and the date of approval of these financial statements which would require an adjustment to, or disclosure in, the financial statements.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Financial assets at fair value		Loans and receivables	
	2011	2010	2011	2010
Current asset investments	4.9	2.4	–	–
Cash	–	–	20.3	11.4
Debtors	–	–	30.2	29.2
Debtors falling due after one year	–	–	9.0	13.0
	4.9	2.4	59.5	53.6

	Financial liabilities at fair value		Financial liabilities at amortised cost	
	2011	2010	2011	2010
Trade and other payables	–	–	118.0	77.5
Loans and borrowings	–	–	832.0	811.1
Other long term loans	–	–	33.2	52.5
Derivatives				
– Fair value through income and expenditure	22.2	23.5	–	–

Valuation

All financial assets or liabilities at fair value are calculated using measurements based on inputs that are observable for the asset/liability either directly or indirectly from prices. All derivatives are designated level 1. All other loans and receivables are shown at historical book value.

A comparison of the book value to the fair value of the Group's long-term borrowings at 31 March 2011 is set out below.

	2011		2010	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Short term debt and current portion of long term debt	3.7	3.7	3.2	3.2
Long term debt	821.7	828.3	785.0	807.9
	825.4	832.0	788.2	811.1

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Interest rate risk

The Group finances its development through a mixture of retained surplus, grant and borrowings. The Group's interest rate management ensures that a minimum of 40% of its drawn funds should be fixed on a long term basis and the remaining is either hedged or kept at variable rates depending on prevailing market conditions and requirements of the business.

The Group has entered into interest rate swap agreements to hedge exposure to the variability in cash flows attributable to movements in interest rates. This is documented in the treasury policy and allows the Group to enter into contracts where the Group agrees to pay interest at a fixed rate and receives interest at a floating rate. The interest rate swaps are designated as a hedge of the variable debt interest payments which are linked to changes in the benchmark interest rate (LIBOR) which is quoted price in an active market. This method reflects the risk management objective of the hedging relationship that swaps a series of future variable cash flows to a fixed rate. The interest rate swap agreements do not meet the hedging tests contained in FRS 26 and are therefore accounted for through the income and expenditure account.

A 1% increase in the short term interest rates would increase the annual interest payable by the Group by £4m.

The cashflows from the interest rate swaps are expected to occur monthly, quarterly or on a semi-annual basis dependant on each contract. The periods in which the hedged payments are expected to occur are set out in the maturity analysis in note 21.

Inflation risk

An element of the Group's debt is linked to inflation. This provides a link between the cost of our debt and the Group's revenue streams. A 1% increase in Retail Price Index results in £0.3m increase in interest cost.

Liquidity risk

The Group has a policy to maintain sufficient liquidity in cash and lending facilities to cover 15 months of operational activity. At the year end 95% of the Group's borrowings were due to mature in more than 5 years. The liquidity risk of each Group entity is managed centrally by the Group treasury function on a monthly basis to adhere to Group policy.

Credit risk

The main credit risk applies to debtor balances, the majority of which relates to rental income and other arrears, which are reported weekly to business leaders assigned to manage the recovery process. In accordance with FRS26 the Group only recognises losses when a loss event has occurred. The methodology used for provisioning has been shown to reflect historical experience of when loss events have occurred. The Group provides 100% for former tenants. Provision for current tenant arrears is on the aged profile of the debt. Arrears of over 19 weeks are provided for at 90% and for arrears between 10 and 19 weeks being provided for at 15%. Approximately 60% of arrears is in form of Housing Benefit payment coming in directly from the Local Authorities which reduces to Group's exposure to tenants risk.

The Group recognises the risk whereby the inability of a provider of a credit facility, deposit taker, or derivatives counterparty to fulfil its contractual obligations when they fall due, or reduction in creditworthiness, may result in a financial loss or liquidity problem for the Group. The Group therefore maintains a formal counterparty policy in respect of those organisations from which it draw funds on committed facilities, or with whom it may enter into derivative transactions, or with whom funds may be deposited. The longer the maturity of the commitment period, derivative or investment, the greater the counterparty credit risk, and hence the minimum credit quality requirements will be more stringent.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Arrears past due but not impaired

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
At 1 April	12.0	9.5	10.0	9.5
Actual provision	2.4	3.8	3.2	1.8
Amounts written off	(4.5)	(1.3)	(4.5)	(1.3)
At 31 March	9.9	12.0	8.7	10.0

Arrears past due but not impaired

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Less than 30 days	15.0	14.6	10.8	9.5
30 to 60 days	2.8	2.7	2.5	2.6
60 to 90 days	1.1	1.1	1.0	1.0
More than 90 days	0.7	1.5	0.6	1.4
At 31 March	19.6	19.9	14.9	14.5

There are no indications that the above balances are impaired. All other sundry debtors £24.8m (2010: £25.0m) have normal payment terms of 30 days and are not impaired. Maximum credit risk exposure includes the above as well as cash balances of £18.4m (2010: £11.4m) and deposits of £1.9m (2010: £nil).

38. PRIOR YEAR ADJUSTMENT

Group	General reserves £m	Revaluation reserves £m	Designated reserves £m	Negative goodwill £m	Total reserves £m
At 1 April 2010 as previously stated	188.4	1.6	5.7	67.8	263.5
Prior year adjustments:					
(a) Component accounting	(16.1)	–	–	–	(16.1)
(b) Fair value of acquisition	–	–	–	(16.5)	(16.5)
(c) Fair value of derivatives	(19.5)	–	–	–	(19.5)
(d) Negative goodwill	51.3	–	–	(51.3)	–
(e) Dilapidation accrual	(1.5)	–	–	–	(1.5)
(f) Designated reserves	5.6	–	(5.6)	–	–
Total prior year adjustment	19.8	–	(5.6)	(67.8)	(53.6)
At 1 April 2010 as restated	208.2	1.6	0.1	–	209.9

Trust	General reserves £m	Revaluation reserves £m	Designated reserves £m	Negative goodwill £m	Total reserves £m
At 1 April 2010 as previously stated	144.6	0.2	–	–	144.8
Prior year adjustments:					
(a) Component accounting	(16.1)	–	–	–	(16.1)
(b) Fair value of derivatives	(15.3)	–	–	–	(15.3)
(e) Dilapidation accrual	(1.5)	–	–	–	(1.5)
Total prior year adjustment	(32.9)	–	–	–	(32.9)
At 1 April 2010 as restated	111.7	0.2	–	–	111.9

38. PRIOR YEAR ADJUSTMENT (continued)

(a) Component accounting

The prior year adjustment reflects the adoption of component accounting on social housing properties in accordance with SORP 2010 which the Board adopted during the year.

SORP 2010 requires that where a tangible asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life.

Analysis of prior year adjustment – Group and Trust

	General reserves £m
Additional depreciation	(28.0)
Capitalisation of components	11.9
Total component accounting prior year adjustment	<u>16.1</u>

The impact of component accounting on the income and expenditure account in each year has not been disclosed as it is not practicable to do so.

(b) Fair value of acquisition

Croydon People's Housing Association and Pathway Housing Association were acquired by the Group on 1 April 2009. Furthermore Presentation Housing Association (PHA) was acquired by the Group on 8 June 2009.

The prior year adjustments were as follows:

- i. A review of the loan portfolio identified the fair value of liabilities at the date of each acquisition, resulting in a reduction to negative goodwill recognised on acquisition of £32.2m.
- ii. Properties acquired with Presentation Housing Association at a value of £388.4m were transferred to the Group at a value of £376.8m. Depreciation of £11.6m should have been written off on the acquisition date.

- iii. Prior to the purchase of Presentation Housing Association, Arawak Development Company charged £7.3m as a mark-up on development costs. When Presentation Housing Association was acquired by Notting Hill Housing Trust, and the housing property assets revalued, the mark-up should have been written off.

- iv. The value of the properties transferred from Presentation Housing Association was reviewed and reduced by £5.4m as part of the component accounting review.

Analysis of prior year adjustment

	Negative goodwill reserves £m
Fair value of liabilities (PHA)	(31.0)
Fair value of liabilities (CPHA)	(1.1)
Fair value of liabilities (Pathways)	(0.1)
	<hr/>
i. Total fair value of liabilities	(32.2)
Transfer of option to NHHT group valuation	2.5
ii. Depreciation on Presentation Housing Association properties	11.3
iii. Arawak housing properties mark-up	7.3
iv. Presentation Housing Association	(5.4)
	<hr/>
	(16.5)

38. PRIOR YEAR ADJUSTMENT (continued)

The prior year adjustments arising from (a) and (b) reconcile to note 10 as follows:

	Group £m	Trust £m
Reinvestment adjustment on component accounting	11.9	11.9
Arawak housing properties mark-up	7.3	–
Presentation Housing Association disposals	(5.4)	–
Note 10 prior year adjustment to cost	<u>13.8</u>	<u>11.9</u>
	Group £m	Trust £m
Depreciation adjustment due to adoption of component accounting	28.0	28.0
Depreciation of Presentation Housing Association properties	(11.3)	–
Note 10 prior year adjustment to depreciation	<u>16.7</u>	<u>28.0</u>

(c) Fair value of derivatives

Notting Hill Housing Trust issued a £180m 5.25% bond due on 7 July 2042 on the London Stock Exchange on 30 June 2010. Following the issue of the bond, the group has adopted fair value accounting for all its financial instruments under FRS26 Financial Instruments: Recognition and Measurement.

The adoption of FRS26 resulted in the recognition of a Group financial derivative creditor of £23.5m as at 31 March 2010 with a corresponding deficit of £2.8m (including a deficit of £20.7m relating to 2009) taken through revenue reserves.

The adoption of FRS26 resulted in the recognition of a Trust financial derivative creditor of £15.3m as at 31 March 2010 with a corresponding surplus of £2.2m (including a deficit of £17.5m relating to 2009) taken through revenue reserves.

Interest rate swaps entered into as part of an effective hedging relationship did not meet the requirements of FRS26, therefore a cash flow hedge reserve was not created. Movements on interest rate swaps have been taken through general reserves as a prior year adjustment as disclosed below.

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Prior year adjustment	–	(19.5)	–	(15.3)

The effect of adopting FRS 26 on the Group surplus for the year was an increase of £1.2m (2010: decrease of £0.4m).

The effect of adopting FRS 26 on the Trust surplus for the year was an increase of £2.6m (2010: £2.2m).

38. PRIOR YEAR ADJUSTMENT (continued)

(d) Negative goodwill

Under SORP 2010, amounts treated as negative goodwill arising from a previous business combinations which meet the relevant criteria of a gift should be credited to the opening revenue reserves as a prior period adjustment.

Analysis of prior year adjustment

	General reserves £m	Negative goodwill reserves £m
Release of negative goodwill reserve	51.1	(51.1)

The treatment of negative goodwill under SORP 2010 impacts the income and expenditure account as follows:

	2011 £m	2010 £m
Release of negative goodwill in the year of acquisition	–	51.1

(e) Dilapidations accrual

The lease on 1 Butterwick, Rear of Metro building, London, W6 8DL requires a payment of £1.5m as a provision for dilapidations which was not accrued in the prior year.

	General reserves £m
Dilapidations accrual	(1.5)

The effect of the dilapidations accrual on the income and expenditure account is as follows:

	2011 £m	2010 £m
Dilapidations accrual	1.5	(1.5)

(f) Designated reserves

At the Board's discretion, transfers to designated reserves were previously made from the general reserves to set aside amounts that are specifically required to fund future maintenance costs. A transfer from the designated reserve is made back to the income and expenditure account when the relevant cost is incurred or where the reserve can no longer be held for a specific purpose.

The Group has released the designated reserves (which were held by Presentation Housing Association) to general reserves, following the transfer of Presentation Housing Association's engagements to Notting Hill Housing Trust and the adoption of SORP 2010.

Analysis of prior year adjustment

	General reserves £m	Designated reserves £m
Release of designated reserves	5.6	(5.6)

The impact of releasing the designated reserve on the income and expenditure account is £nil (2010: £nil).

NOTES







Nottingham Housing

Notting Hill Housing

1 Butterwick, Rear of Metro Building, Hammersmith London W6 8DL

Tel: 020 8357 5000 Fax: 020 8357 5299

www.nottinghillhousing.org.uk
