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Report and Financial Statements

Year ended 31 March 2009

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Board Members, Executive Directors, Advisors and Bankers

Board

Richard Frost	Chairman
George Kieffer	Vice Chairman
Roy Weekley	Treasurer
Hui Fong Chen	Other Members
Anthony Holland	
Gideon Amos	
Tim Gerrard	
David Holmes – resigned 3 March 2009	
Ian Ritchie	
Derek Morrison	
Steve King	
John Synnuck	

Executive Directors

John Synnuck	Chief Executive
Mark Thompson	Deputy Chief Executive
Paul Edwards	Director of Treasury Services
Michael Rutherford	Financial Services Director
Ian Nelthorpe	Central Services Director
Terry Bird	Director of Asset Management
Sandra Fawcett	Regional Director Housing (London)
Mary Gibbons	Regional Director Housing (Essex)

Registered office

Pilgrim House, High Street, Billericay, Essex CM12 9XY

Registered number

Industrial and Provident Societies Act 1965 – Registration Number 28496R
Registered by the Tenant Services Authority, No: L4145

External Auditors

Grant Thornton UK LLP, Chartered Accountants
Byron House, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ

Internal Auditors

BDO Stoy Hayward
Emerald House East Street, Epsom, Surrey KT17 1HS

Solicitors

Manches
3 Worcester Street, Oxford OX1 2PZ

Bankers

Royal Bank of Scotland plc
29 East Walk, Basildon, Essex SS14 1HD

Operating and Financial Review

For the year ended 31 March 2009

Overview

Swan Housing Group (“Swan”) reports comprehensively on its operational and financial performance and in terms of social and environmental measures. This report is the focal point of this process of accountability aimed at our stakeholders – current and future.

The previous twelve months has seen the organisation progress in its growth targets – turnover for the year ending 31st March 2009 was £53.8 million, an increase of 26% on the previous twelve months’ restated position. Key to this success has been the growth in our Development Programme, which delivered 994 net new units in the year and the Forest Gate Private Finance Initiative, which has resulted in a further 1,546 units and garages under Swan’s management.

Swan Housing

Swan Housing Association commenced trading on the 1 April 1998 as the stockholding parent of the Group with Basildon Community Housing Association (BCHA) and Cygnet Housing Association (CHA) as direct subsidiaries. BCHA was formed in 1994 to take transfer of some 2,600 CNT properties in Basildon. Cygnet Housing Association also commenced trading on 1 April 1998 as the specialist supported housing association within the Group. Pike Housing Services Ltd was formed at the same time as a private limited company to undertake private rented schemes on behalf of the group.

In April 2006 the Group attained charitable status for the three RSLs and renamed BCHA to Swan (Essex) and CHA to Swan (London) in order to provide a geographical management focus and strengthen the Swan brand.

Swan Housing Association employs all of the staff within the Group and provides services to the subsidiaries under detailed procedure agreements.

The group consists of the following members:-

- Swan Housing Association Ltd
- Swan (Essex) Housing Association Ltd
- Swan (London) Housing Association Ltd
- Pike Housing Services Ltd
- Swan New Homes Ltd
- Swan Foundation Ltd
- Swan Commercial Services Ltd

Strategic Vision

Swan will provide social housing that meets the needs of the communities in East London and Essex, and the wider economy. Our approach will be distinctive and inclusive.

Our strength is widely acknowledged and forms the basis for our expansion and diversification plans. These growth plans are designed to support the national agenda for the provision of excellent affordable housing. We also aim to grow in areas that help us realise our mission of creating homes and communities that people want to live in.

We are committed to using our resources to benefit the wider community. With a strong tradition of providing affordable housing that creates meaningful change in local communities, Swan will play a full part in the success of the London 2012 Olympics and its legacy.

Swan will encourage a stronger community outlook amongst employees, partners and stakeholders. Residents are at the heart of what we do and we aim to create economically sustainable neighbourhoods for them.

Strategic Planning

The strategic planning process has created a structured programme for the next three years to enable the delivery of excellent housing services. Swan aims to deliver significant numbers of new homes for the communities of East London and Essex and improve services for our existing residents, while continuing to make reductions in costs.

As a result of our recent profiling work we know more about our properties and residents than ever before. We will use this knowledge to map out the future needs and shape of our neighbourhoods.

Swan will continue to value and develop our people. This will help us adapt to the challenges presented by a programme of continuous improvement. Our recently introduced Management Development Programme provides an excellent starting point for employee development.

Creating excellence in housing services requires Swan to reflect the communities and neighbourhoods in which we work. The rich diversity of East London means our services need to be tailored to meet the specific needs of communities, families and individuals.

The excellence in overall performance in the last year has given Swan a good foundation to build upon and the annual resident survey showed that more residents feel Swan is doing a good job. Working closely with partners we will continue to demonstrate a commitment to excellence in every area of our business activity.

Corporate Plan 2009-2012

The Corporate Plan sets out a series of strategic objectives, reflecting the underlying reasons for running Swan. These objectives relate to the expectations and requirements of all our major stakeholders and outline the vital things that Swan needs to do, and the level of success to be achieved in each activity over the coming three years. Derived from Swan's Business Plan the five strategic objectives form the basis of the three-year Corporate Plan.

Swan will continue to provide excellent housing services that meet the changing needs of the communities of East London and Essex, delivering neighbourhoods that are healthy, vibrant and sustainable.

Swan's mission is to, "Create homes and communities that people want to live in."

To succeed in the delivery of our mission our people must demonstrate the values of being:

- To deliver an annual growth of 5% in affordable homes
- To exceed Business Plan targets
- To be judged as a 2 star organisation by the TSA
- Reduce inequality and increase social inclusion
- Involve our residents and build stronger communities

Under each of the strategic objectives there are a series of specific targets to achieve each year. The Business Plan projections include provision for capital and revenue resources to help achieve these objectives within the timescale of this Corporate Strategy.

Risk and Control

Swan has a responsibility to manage risks, internally and externally. As a result, we are committed to the implementation of a risk management strategy to protect the organisation from avoidable losses.

The Risk Management Policy sets out the business' understanding of our key responsibilities and how we expect them to be carried out. A separate Risk Management Strategy sets out the more detailed operational risk procedures needed to put our policies into practice.

The Policy places a responsibility on all members and officers to consider risk in carrying out their duties. Its purpose is to help us manage risk through better anticipation and control.

Swan's risk management objectives are designed to:

- Integrate risk management into the culture of the organisation.
- Raise awareness of the scope of risk management including business risk, the identification of opportunities as well as threats and that the process supports innovation.
- Manage risk in accordance with best practice.
- Minimise losses, injury and damage and reduce the cost of risk.
- Ensure appropriate actions are taken to address identified risks.
- Ensure that risks are monitored and that an appropriate reporting mechanism exists to support the annual assurance statement on the effectiveness of Swan's system of internal control.
- Ensure appropriate actions are taken to identify and pursue opportunities.

Risk Management Strategy

These objectives will be achieved through Swan's Risk Management Strategy, as it sets out the roles, responsibilities and actions necessary for successful implementation.

By reviewing key business indicators on a regular basis, we have been able to identify changes in the business and business operating environment, which have a bearing on our risk profile. Creating a Heat Map provides a focal point for discussion. It captures key data from existing management review processes and summarises them, giving an overall review of business change and risk.

Risk management is a priority for the delivery of good performance. We recognise the importance of promoting an effective risk management strategy along with a framework for its implementation. The structure we have developed provides a detailed and robust framework for the management of risk and is an integral part of our day-to-day operations. Individual roles and responsibilities

have been clearly defined to ensure accountability, with comprehensive training and regular communications on issues of risk being undertaken throughout the feasibility and build period.

Current Growth Projections

2008-2009	Forecast	Actual	Performance
CPT (£m)	25.5	43.7	171%
Completions	475	799	168%

In the recent 2008-11 bid round, Swan again submitted a large number of high quality bids for developments across its area of operations. The NAHP settlement including the 'regular market engagement programme' has been agreed at £161m. The allocation is the fifth largest in the country. This grant will generate more than £250m of housing investment in this period and produce 2,500 units. In addition, a 'tailored grant package' of £57m was awarded in March 2009.

The quality of Swan's new build housing is such that sustainable communities and low-energy homes provide the vast majority of the development programme. Swan has adopted the Code for Sustainable Homes level 4 as a minimum across its development programme, and also has schemes in its pipelines where level 5 and 6 will be achieved with the help of Swan's framework partners.

Swan now has established panels of Contractors, Consultants, Architects and Solicitors who are commissioned under the terms of partnering Framework Agreements to allow the simple call-off of professional services on a pre-agreed set of fee rates, terms and conditions. Whilst initially allowing Swan to comply with European procurement legislation, the frameworks have also lead to much greater cost certainty and procurement efficiencies that have allowed Swan to improve the speed and quality of its project delivery.

As well as Swan's Framework Contractors, Swan now has the ability to act as a contractor on its own schemes through Swan New Homes (SNH) construction arm. In an effort to combat the effects of Build Cost Inflation, SNH will subcontract directly for works packages required through the build process, and anticipate having around 200 units on site in its first full year of operation.

Corporate Social Responsibility (CSR)

The Swan Foundation continues to be the cornerstone of Swan's CSR strategy. It will take the lead in developing our approach to CSR, building on the strong business relationships we have established. The Swan Foundation will make a difference through collective effort and activity that offers genuine participation and involvement for members of the community.

Financial Review

Performance in the Period

The Group's income and expenditure is set out on page 14. The Group recorded a deficit before tax for the year of £0.4 million (2008 – restated deficit before tax of £1.9 million) which included housing property depreciation on a valuation basis of £3.2 million (2008 - £3.4 million). In addition the Group showed a decrease in the revaluation surplus on its completed housing properties of £3.5 million (2008 - £6.1 million increase). The long term business plan financial projections of the Group show repayment of all existing debts within thirty years. The Board have considered the results and the long term financial projections for the Group and are satisfied that the Group performance out performed the budget and business plan and that the outlook is positive.

Performance in the Period (continued)

New development is a core activity and the housing stock owned by the Group increased by 994 net units during the year (excluding 1,546 Forest Gate PFI units and garages).

Accounting Policies

SORP 2008 is applied for the first time resulting in a prior year adjustment on the treatment of first tranche sales of shared ownership properties. For further details see note 22.

The principle accounting policies are set out in note 1 to the financial statements on pages 22 to 24, and have been prepared in accordance with the Statement of Recommended Practice for Registered Social Landlords updated in 2008 (the "SORP"). The most critical accounting policies in terms of impact on the financial statements are the treatment of capital grants, capitalised interest, the capitalisation of development staff costs within housing properties, voids, rent arrears and the calculation of housing property depreciation. These policies have remained unchanged from the previous year.

Treasury Policy

Borrowings management is the responsibility of the Director of Treasury Services. Strategy is set annually and approved by the Finance & Personnel Committee. The Group will ensure that the proportion of total outstanding debt which is hedged against variable interest rate movement is limited to between 50% and 80% at any time.

At the year ending 31 March 2009 the Group borrowings were £387m. The loans are drawn from a total committed loan facility of £520 million provided by a syndicate headed by Royal Bank of Scotland Plc. It consists of a Group borrowing facility for the benefit of the registered social landlords within the Group. Under this facility the property collateral of all properties charged to the lenders is pooled to secure the loan finance and overdraft facilities provided under the arrangement. Loans are secured by charges on specific properties and floating charges over the properties and over the term of the facility.

The main factor influencing the amount and timing of borrowings is the pace of the development programme and this has a significant impact according to the timing of interim payments to contractors.

Refinancing

The Group successfully completed a refinancing exercise in November 2008, providing a further £140m of committed, undrawn facilities to enable it to continue to deliver high quality new social housing. This refinancing exercise will ensure the group has sufficient funding for the entirety of its 30 year business plan.

Cash Flow and Liquidity

Cash inflows and outflows for the period under review are set out in the Group cash flow statement on page 20. Net cash inflows from operating activities are from the management of housing stock. Returns on investment and servicing of finance are due to interest income and interest charges. The net cash outflow from capital expenditure is the spend on new properties which has been capitalised less grant less sales proceeds plus spending on other fixed assets. The net cash inflow from financing represents the additional loans drawdown in the year.

Fixed Assets

The carrying value of the Group's fixed assets are represented by housing properties which are revalued annually less Social Housing Grants (SHGs), other capital grants, and accumulated depreciation. The carrying value at 31 March 2009 was £451m, an increase of £20m from the 31 March 2008 restated value of £431m, as represented in note 11 to the Financial Statements, and is sufficient to meet all asset value related loan financial indicators.

Statement of Compliance

The Board confirms that this Operating and Financial Review has been prepared in accordance with the principles set out in part 3 of the Statement of Recommended Practice (SORP) 2008 for registered social landlords.

Report of the Board

For the year ended 31 March 2009

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2009.

The Group

The Group owns 9,105 units of property and manages a further 1,572 units under management agreements. It comprises:

- Swan Housing Association - the parent association which holds general needs properties outside Basildon and NHS keyworker accommodation.
- Swan (Essex) Housing Association – an association which holds general needs properties mainly in the Basildon area.
- Swan (London) Housing Association - a specialist supported housing association.
- Pike Housing Services Limited - a wholly owned unregistered subsidiary company of Swan (Essex) Housing Association providing market rented accommodation.
- Swan New Homes Limited - a wholly owned unregistered subsidiary company of Swan Housing Association providing new homes for sale.

Principal Activities

The Group's principal activities are the development, management and maintenance of social housing for people in housing need.

Future Activities

The Group has been successful in achieving "preferred partner" status with the Homes and Communities Agency (HCA, formerly the Housing Corporation) for the development programme for the next year. The costs of new development and the grants received are set out in note 11 to the Financial Statements.

The Group is committed to the principles of the 'Best Value' initiative currently applied to the social housing sector. A programme of review continues to provide improved services and increased efficiency will continue in the coming year.

The Group has a £520 million loan facility, of which £387 million had been drawn down at 31 March 2009, leaving £133 million for future development.

The Group will continue to seek to improve services provided to tenants and leaseholders. Most departments have attained ISO 9001 accreditation. There is also a Group accreditation for customer service under the 'Chartermark' scheme which was re-awarded this year.

Creditor Payment Policy

The Group agrees payment terms with its suppliers when it enters into building contracts. It seeks to abide by these terms when it is satisfied that the supplier has provided the goods or services in accordance with agreed terms and conditions.

Charitable Donations

During the year, the Group made charitable donations of £1,210 (2008: £214) and made no other donations to other bodies or to any political parties.

Employees

The Group recognises the importance of a formal communications policy to secure the involvement and commitment of staff. The Group's policy is to consult and discuss with employees through the Staff Consultative Committee matters likely to affect their interests. As well as this formal mechanism, employees are encouraged to contribute to the running of the business through team meetings, suggestions and by developing their personal competencies through training and experience. The Group has accreditation as an Investor In People.

Equal Opportunities

The Group has a policy of equal opportunities in all matters. The policy complies with all aspects of best practice.

Health and Safety

The Group has a policy on Health and Safety in all matters. The policy complies with all aspects of best practice.

Corporate Governance

The Group has adopted the recommendations set out in the National Housing Federation's Code of Governance, Competence and Accountability 2004 and with the Tenant Services Authority (TSA, formerly the Housing Corporation) Circular R2 25/01 Internal Controls Assurance.

Statement of Compliance

Throughout the year ended 31 March 2009, the Group has been in compliance with the Code of Governance, Competence and Accountability.

Group Board – Role

The Board's role is to govern the Association and to provide advice to subsidiary Boards. It also gives advice to management and provides strategic direction. Meetings with the Executive Directors are held regularly during the year.

Finance & Personnel Committee

The Finance and Personnel Committee consists of seven members including representatives from the subsidiary Boards. It meets at least four times a year and monitors Group accounting policies and considers financial, funding and human resources issues. It reviews and endorses the budget, management accounts and treasury policies and considers the financial parameters for new business developments, as well as considering human resources policies and practices.

Audit & Risk Committee

The Audit & Risk Committee consists of seven members including representative from the subsidiary Boards. It meets at least four times a year. It receives reports from the external and internal auditors and reviews the processes for audit and risk management.

Swan Housing Committee

Swan Housing Committee consists of five members including representatives from the subsidiary Boards. It meets at least four times a year and in consultation with the subsidiary Boards, is responsible for setting targets for the Association's day to day work, and monitoring performance.

Remuneration Committee

The Remuneration Committee comprises the Chair, Vice Chair and Treasurer of Swan Housing Association and a representative from each of the other associations in the Group. It considers the working arrangements and remuneration of the Chief Executive and Executive Directors.

Executive Directors

The Executive Directors are listed on page 4 and hold no interest in the share capital of any member of the Group. They act as Executives within the authority delegated by the Board.

Particulars of the Group's pension scheme (the Social Housing Pension Scheme), into which the Group pays contributions on behalf of the Executive Directors and other employees, are set out in note 23 to the Financial Statements. The latest valuation at 31 March 2009 showed an increase in the deficit to £663 million, representing an overall funding level of 70%.

Going Concern

Following a review of the Group Budget for 2009/2010, based on normal business planning and control procedures, the members of the Board have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. A revised long term business plan has been approved by the Board. This reflects current projections in relation to development, rent restructuring and investment in existing stock.

Board's statement on the annual review of the effectiveness of the Group's internal control systems

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness.

However, the Board accepts that such a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Therefore, such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

The process the Group follows for identifying, evaluating and managing the significant risks it faces is ongoing; has been in place for the year under review and up to the date of approval of the annual report and accounts; and is regularly reviewed by the Board.

In order to fulfil its responsibility, the Board has a separately designated Group Audit Committee; it employs the services of an internal auditor and has adopted a strategic approach to risk management and quality improvement. Assurances are therefore gained from the following sources:

Audit Committee

The Board has a designated Group Audit Committee; the terms of reference for which reflect the TSA's good practice guide "Improving the effectiveness of Audit Committees". The meetings are attended by the Chief Executive, Senior Finance Staff and other Directors as required.

This Committee is responsible for reviewing the adequacy and effectiveness of the Group's systems of internal controls and reporting its conclusions to the Board, receiving reports from both the internal and external auditors.

The Group Audit Committee has also reviewed the risk management process and performance against quality standards, the TSA's Regulatory Code and TSA performance-related reports.

Internal Audit Function

The Group purchases an internal audit service. This work has been carried out in accordance with the Institute of Internal Auditors' Standards and Guidance.

The internal auditor reports annually to the Group Audit Committee on the system of internal controls, with an opinion as to the adequacy and effectiveness of key internal control systems. The internal auditor attends the Group Audit Committee to present reports and to report on management progress in implementing agreed recommendations.

The internal audit is planned, based on the results of an Audit Needs Assessment. A rolling programme is undertaken to cover the whole of the Group's system of control.

External Audit

The work of the external auditors has been conducted in accordance with International Standards on Auditing (UK and Ireland) and their audit opinion is contained within the financial statements.

The terms of engagement of the external auditors provides that weaknesses in the structure of accounting systems and internal controls; inappropriate accounting policies and practices including non compliance with legislation, accounting standards and other regulations would be highlighted if identified as part of the normal audit work.

Any significant weaknesses in internal controls identified are reported to the Board and an action plan to address the weakness is agreed. No serious control weaknesses have been identified this year.

Risk Management

The Group's approach to risk management and the work undertaken in the year are detailed in the Operating and Financial Review.

Reports from the Tenant Services Authority

In accordance with guidance issued by the TSA, limited assurances are taken from reports issued by the regulator. During the year, reports have been received and action taken to address the issues raised, none of which are considered material in nature.

Quality Management Systems / Performance Indicators

During the year the Group has continued to comply with the criterion for ISO 9001:2000; adherence to this quality framework ensures that procedures used within the Group are developed and applied consistently.

The Group has successfully complied with the Charter Mark standard, demonstrating its continued commitment to Customer Care with the assessor commenting:

- Swan Housing Group goes to considerable lengths to ensure users and partners are informed how services are run. Methods include Swan's comprehensive tenant information pack and a detailed web site.
- Swan works closely with other RSLs, local authorities, police and community services to provide co-ordinated services across a wide geographical area. Swan's partnership with Learn Direct is particularly impressive.
- Arrangements are cost effective and meet the increasing demands of users. Users, partners and funders mentioned the professional and efficient way services are provided.
- Swan continues to work closely with the wider community to promote social cohesion and reduce crime. Swan also supports employment and training initiatives through initiatives such as the Five Links Project

The Group was re accredited the Investors in People standard in 2008: a business improvement tool designed to advance an organisation's performance through its people and continuous improvement. The assessor concluded that "Swan as a business continues to meet and surpass the Investors in People national standard".

Statement of Responsibilities of the Board

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

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and association at the end of the year and of the surplus or deficit of the group and association for the year then ended.

In preparing those financial statements the board is required to:

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

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for registered social landlords General Determination 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: "Accounting by registered social landlords" (Update 2005).

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

Disclosure of Information to Auditors

At the date of making this report each of the company's directors, as set out on page 4, confirm the following:

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

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

Approved by the Board on 24 August 2009



Sandi Hallam-Jones, Company Secretary

Independent Auditors' Report to the Members of Swan Housing Association Limited

For the year ended 31 March 2009

We have audited the group and association financial statements of Swan Housing Association Limited for the year ended 31 March 2009 on pages 14 to 44 which have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association via the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board of Management and Auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the report of the board is not consistent with the financial statements, if the association has not kept proper accounting records or maintained a satisfactory system of control over its transactions, or if we have not received all the information and explanations we require for our audit.

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

Basis of Audit Opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and association as at 31 March 2009 and of the deficit for the year then ended
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.



Grant Thornton UK LLP

**Chartered Accountants and Registered Auditors
Cambridge**

Date

Consolidated Income and Expenditure Account

For the year ended 31 March 2009

	Note	2009 £ '000	Restated 2008 £ '000
Turnover	2 & 3	53,816	42,617
Operating costs	2 & 3	(40,409)	(33,319)
Operating surplus		13,407	9,298
Surplus on sale of properties	6	707	1,782
Interest receivable	7	167	204
Interest payable and similar charges	8	(14,660)	(13,345)
Deficit on ordinary activities before taxation	9	(379)	(2,061)
Tax on deficit on ordinary activities	10	-	177
Deficit on ordinary activities after taxation	17	(379)	(1,884)

The notes on pages 22 to 44 form an integral part of these Financial Statements.

The turnover and deficit for both the current and prior year relate to continuing activities.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2009

	2009 £ '000	Restated 2008 £ '000
Deficit for the financial year	(379)	(1,884)
Unrealised surplus on revaluation of housing properties	(2,458)	16,486
	2,837	14,602

Note of Historical Cost Surpluses and Deficits

For the year ended 31 March 2009

	2009 £ '000	2008 £ '000
Reported deficit on ordinary activities before taxation	(379)	(2,061)
Realisation of property revaluation gains	361	678
Difference between historical depreciation charge and the actual charge for the year calculated on the revalued amount	739	1,116
Historical cost surplus/(deficit) for the year before taxation	721	(267)
Historical cost surplus for the year after taxation	721	(90)

Association Income and Expenditure Account

For the year ended 31 March 2009

	Note	2009 £ '000	Restated 2008 £ '000
Turnover	2 & 3	40,313	33,905
Operating costs	2 & 3	(29,210)	(26,192)
Operating surplus		11,103	7,713
Surplus on sale of properties	6	792	2,060
Interest receivable	7	2,900	3,691
Interest payable and similar charges	8	(14,096)	(13,226)
Surplus on ordinary activities before taxation	9	699	238
Tax on surplus on ordinary activities	10	-	15
Surplus on ordinary activities after taxation	17	699	253

The notes on pages 22 to 44 form an integral part of these Financial Statements.

The turnover and surplus for the current and prior year relate to continuing activities.

Association Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2009

	2009 £ '000	2008 £ '000
Surplus for the financial year	699	238
Unrealised (deficit)/surplus on revaluation of housing and office properties	1,840	(93)
Total surpluses recognised since last financial statements	2,539	145

Association Note of Historical Cost Surpluses and Deficits

For the year ended 31 March 2009

	2009 £ '000	2008 £ '000
Reported surplus on ordinary activities before taxation	699	238
Difference between historical depreciation charge and the actual charge for the year calculated on the revalued amount	220	219
Realised profit on disposal	227	687
Historical cost surplus for the year before taxation	1,146	1,144
Historical cost surplus for the year after taxation	1,146	1,159

Consolidated Balance Sheet

For the year ended 31 March 2009†

	Note	Restated 2009 £ '000	2008 £ '000
Tangible fixed assets			
Housing properties	11a	451,242	431,312
Other tangible fixed assets	11b	4,548	5,093
Total tangible fixed assets		455,790	436,405
Current assets			
Properties for Sale	12	41,992	31,818
Debtors	13	10,796	12,014
Short term Investments		-	3,127
Cash at bank and in hand		19,001	2,146
		71,789	49,105
Creditors: Amounts falling due within one year	14	(19,751)	(17,531)
Net current liabilities		52,038	31,574
Total assets less current liabilities		507,828	467,979
Creditors: Amounts falling due after more than one year	15	387,559	344,873
Consolidated Reserves			
Share capital non-equity	16	-	-
Income and expenditure account	17	10,398	9,677
Designated reserve	17	542	542
Revaluation reserve	17	109,329	112,887
Total Consolidated Reserves		120,269	123,106
		507,828	467,979

The notes on pages 22 to 44 form an integral part of these Financial Statements.

The financial statements were approved by the Board on 24 August 2009 and signed on its behalf by:



Richard Frost
Chair



George Kieffer
Vice Chair



Roy Weekley
Treasurer

Association Balance Sheet

For the year ended 31 March 2009

	Note	2009 £ '000	Restated 2008 £ '000
Tangible fixed assets			
Housing properties	11a	293,912	267,990
Other tangible fixed assets	11b	4,390	4,930
Total tangible fixed assets		298,302	272,920
Investments			
Investment in subsidiaries	11c	56,953	52,063
Total fixed assets		355,255	324,983
Current assets			
Properties for Sale	12	41,852	31,818
Debtors	13	17,953	25,654
Short term investments		-	-
Cash at bank and in hand		17,877	3,357
		77,682	60,829
Creditors: Amounts falling due within one year	14	(12,751)	(10,218)
Net current assets		64,931	50,611
Total assets less current liabilities		420,186	375,594
Creditors: Amounts falling due after more than one year	15	384,535	342,482
Association Funds			
Share capital – non-equity	16	-	-
Income and expenditure account	17	4,819	3,673
Revaluation reserve	17	30,832	29,439
Total Association Funds		35,651	33,112
		420,186	375,594

The notes on pages 20 to 42 form an integral part of these Financial Statements.

The financial statements were approved by the Board on 24 August 2009 and signed on its behalf by:



Richard Frost
Chair



George Kieffer
Vice Chair



Roy Weekley
Treasurer

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 £ '000	2008 £ '000
Net cash inflow from operating activities	A	18,334	8,068
Returns on investments and servicing of finance			
Interest received		167	204
Interest paid		(19,839)	(20,107)
Net cash outflow from returns on investments and servicing of finance		(19,672)	(19,903)
Taxation			
Corporation tax paid		-	164
Capital expenditure			
Payments to acquire housing property assets		(74,087)	(134,478)
Capital grants received		38,656	40,546
Payments to acquire other fixed assets		(669)	(1,846)
Receipts from sale of housing properties		8,480	12,907
Net cash outflow from capital expenditure		(27,620)	(82,871)
Net cash outflow before management of liquid resources and financing		(28,958)	(94,542)
Management of liquid resources			
Cash withdrawn/(invested) in Short term Investments		3,127	(2,653)
Financing			
Housing loans received		42,686	98,690
Net cash inflow from financing		42,686	98,690
Increase in cash	B	16,855	1,495

Notes to the Cash Flow Statement

For the year ended 31 March 2009

A Reconciliation of operating surplus to net cash inflow from operating activities

	Group	
	2009 £ '000	2008 £ '000
Operating Surplus	13,407	7,762
Depreciation	4,106	4,499
Decrease/increase in debtors	1,078	(6,595)
(Decrease)/increase in creditors	(257)	2,402
Net cash inflow from operating activities	18,334	8,068

B Reconciliation of net cashflow to movement in net debt

	Group	
	2009 £ '000	2008 £ '000
Increase in cash in the year	16,855	1,136
Decrease in overdraft in the year	-	359
	16,855	1,495
(Decrease)/increase in short term investments in the year	(3,127)	2,653
Cash inflow from increase in debt financing	(42,686)	(98,690)
Change in net debt resulting from cashflows	(28,958)	(94,542)
Movement in net debt in the year	(28,958)	(94,542)
Net debt at 1 April	(339,600)	(245,058)
Net debt at 31 March	(368,558)	(339,600)

C Analysis of changes in net debt

Group	At 1 April 2008 £ '000	Cashflow £ '000	At 31 March 2009 £ '000
Cash	2,146	16,855	19,001
Short term deposits	3,127	(3,127)	-
Debt due within one year	-	-	-
Debt due after more than one year	(341,849)	(42,686)	(384,535)
Finance leases	(3,024)	-	(3,024)
Total net debt	(339,600)	(28,958)	(368,558)

Notes to the Financial Statements

For the year ended 31 March 2009

1. Principal accounting policies

Basis of Preparation

The Association is incorporated under the Industrial and Provident Societies Act 1965. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Registered Social Landlords updated in 2008 (the "SORP") and applicable financial reporting standards, and in accordance with the Accounting Requirements for Registered Social Landlords General Determination 2006 ("the Determination").

A summary of the more important accounting policies, which have been applied consistently, is set out below. The financial statements have been prepared on a going concern basis on the assumption that the group will continue to trade for the foreseeable future. During the year the group incurred a planned deficit of £0.4m.

The prior period adjustment reflects a change in the accounting policy for shared ownership first tranche sales under SORP 2008. The effect of the change is shown in more detail in note 22.

Basis of Accounting

The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of housing properties and freehold offices.

Group Structure and Basis of Consolidation

Swan Housing Group (Swan) came into existence on 1 April 1998. The Group is required by the Industrial and Provident Societies (Group Accounts) Regulations 1969 to prepare group accounts. The Group financial statements incorporate the financial statements of the parent, Swan Housing Association Limited, and its subsidiaries. All the Group members' results are presented as operations under common ownership and control in accordance with the requirements of Financial Reporting Standard 2 "Accounting for subsidiary undertakings".

Fixed Assets and Depreciation

Completed general needs and supported housing properties are valued on an Existing Use Value – Social Housing (EUVS-SH) basis at least once every three years. The aggregate surplus or deficit on revaluation is the difference between the cost of the property less capital grants received and depreciation and the amount of the valuation. The excess of value over cost less grant and depreciation has been credited to a revaluation reserve. Depreciation is charged on the total valuation less estimated land value of housing properties in accordance with their expected useful economic lives on a straight line basis of 1% for new build properties and 2% for other properties.

Completed NHS keyworker and market rented properties are stated at cost and depreciation is charged on a straight line basis over the lease term.

Housing properties under construction are stated at cost less capital development grants and are transferred to 'Completed Schemes' once they are available for letting. No depreciation is provided on housing properties under construction.

Where properties are sold the portion of the revalued cost of sale that is in excess of the historic cost of sale for the property is released from the revaluation reserve and is transferred to the Income and Expenditure Account.

For other tangible fixed assets, depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

- | | |
|--|-----------------|
| • Freehold offices valued at over £1 million | 2% on valuation |
| • Freehold offices not valued | 2% on cost |
| • Office equipment and fittings | 20% on cost |
| • Computer equipment | 25% on cost |

Software expenditure is only capitalised where the underlying system represents new functionality and can be demonstrated to provide operational efficiencies. All other software expenditure is written off in the year in which it is incurred.

Shared Ownership 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 at cost, less any provisions needed for depreciation or impairment.

Turnover

Turnover represents rental income receivable, income from shared ownership first tranche sales, fees and revenue grants from local authorities and the HCA and other income. It does not include proceeds from the sale of housing properties, the net gain or loss from which is shown after the operating surplus in the Income and Expenditure Account.

Government Grants

Revenue grants are credited in proportion to the expenditure to which they relate and are treated as income to the Association. Capital grants are shown in the balance sheet as a deduction from the capital asset to which they relate. Grants received in advance are treated as creditors in the balance sheet to be matched against future capital expenditure as it is incurred. Housing Association Grant (HAG) is included under Social Housing Grant heading.

Capital development grants may be repayable under certain circumstances, primarily following the sale of a property. Provision for repayment is made in the Balance Sheet when properties which have previously received grant funding are sold.

Impairment

Impairment is defined as the diminution in value of an asset below that originally assessed when the asset was acquired or constructed. Where properties are to be demolished as part of regeneration schemes or other development projects their net book value is charged to the Income and Expenditure Account in the year in which the decision to demolish was agreed.

Planned impairments arising from strategic decisions relating to the Association's charitable objectives which are expected to generate surpluses in the longer term are not recognised.

Interest

Interest income is recognised when receivable. Interest payable is accrued daily. Interest on the net borrowing of the Association as a whole is capitalised to the extent that the borrowing relates to development costs less capital grants received in relation to incomplete properties under construction or refurbishment.

Development on-costs

Costs associated with development projects are capitalised where they are directly attributable to bringing the properties into working condition for their intended use. Such costs generally include professional fees, directly attributable staff salary costs incurred in administering the development programme and loan interest attributable to the scheme. Costs incurred on schemes which are identified as abortive are written off in the year in which they are incurred.

Major repairs and Improvements

Major repairs and improvements are capitalised to the extent that they extend the useful economic life of the property, enhance the net income generating potential or were anticipated at the time of purchase and were reflected in the purchase price. In other circumstances major repairs and improvements are charged to the Income and Expenditure Account as incurred.

Pensions

The Association participates in a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Contributions to the scheme are charged to the Income and Expenditure Account so as to spread the cost of pensions over employees' remaining working lives.

Lease Obligations

Where assets are financed by leasing arrangements which give rights approximating to ownership, they are classified as finance leases and are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payment during the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor. Rentals paid under operating leases (including those paid under Temporary Social Housing leases) are charged to the Income and Expenditure Account on an accruals basis.

Loan Issue Costs

Costs incurred in raising loan finance are initially recorded as a deduction from the gross proceeds of the loan and subsequently written off in the Income and Expenditure Account over the period during which the loan facility is utilised. Loan issue costs not yet amortised are deducted from outstanding borrowings.

Debtors

A full provision is made against former tenant's arrears and a phased percentage provision is made against current tenant balances with a maximum of 75% for balances outstanding for more than twenty weeks.

Taxation

As a result of the change to charitable status, deferred tax is only accounted for within Pike Housing Services Limited. Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised are not discounted.

Investments

Investments represent amounts on-lent by Swan to its subsidiaries under the Group financing arrangements.

VAT

The Association is included in a Group VAT registration in the name of Swan Housing Association. The majority of its income, being rents, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure for non-taxable activities is therefore shown inclusive of VAT and the input VAT recovered is credited against operating costs. Expenditure on taxable activities is shown exclusive of VAT.

Reserves

The Group establishes reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose. The revaluation reserve is the difference between the market value of investments and the historical cost carrying value.

2. Turnover, operating costs and operating surplus by class of business

Group	2009			2008		
	Turnover £'000	Operating Costs £'000	Surplus/ (Deficit) £'000	Turnover £'000	Restated Operating Costs £'000	Surplus/ (Deficit) £'000
Income and expenditure:						
Social Housing lettings	35,799	(24,169)	11,630	29,581	(24,311)	5,270
Other social housing activities:						
Management services	2,224	(2,818)	(594)	2,561	(1,497)	1,064
Supporting People contract income	2,952	(2,045)	907	2,566	(1,778)	788
First Tranche Shared Ownership Sales	3,747	(3,150)	597	5,923	(4,387)	1,536
Forest Gate Private Finance Initiative	2,614	(1,800)	814	-	-	-
Swan Commercial Services	5,760	(5,647)	113	215	(211)	4
Other	138	(391)	(253)	338	-	338
Development costs	-	(163)	(163)	-	(751)	(751)
	17,435	(16,014)	1,421	11,603	(8,624)	2,979
Non-social housing activities						
Market rent lettings	495	(226)	269	1,386	(384)	1,002
Commercial lettings	87	-	87	47	-	47
	582	(226)	356	1,433	(384)	1,049
	53,816	(40,409)	13,407	42,617	(33,319)	9,298
Association						
	Turnover £'000	2009 Operating Costs £'000	Surplus/ (Deficit) £'000	Turnover £'000	2008 Restated Operating Costs £'000	Surplus/ (Deficit) £'000
Income and expenditure:						
Social Housing Lettings	20,981	(10,714)	10,267	15,188	(10,239)	4,949
Other social housing activities:						
Group management services	12,091	(13,391)	(1,300)	11,948	(10,884)	1,064
First Tranche Shared Ownership Sales	3,747	(3,149)	598	5,923	(4,387)	1,536
Forest Gate Private Finance Initiative	2,614	(1,800)	814	-	-	-
Other	809	-	809	117	-	117
Development costs	-	(156)	(156)	-	(682)	(682)
	19,261	(18,496)	765	17,988	(15,953)	2,036
Non-social housing activities						
Market rent lettings	2	-	2	667	-	667
Commercial lettings	69	-	69	62	-	62
	71	-	71	729	-	729
	40,313	(29,210)	11,103	33,905	(26,192)	7,713

3. Particulars of income and expenditure from lettings

Group	General needs housing £'000	Supported housing £'000	NHS Trust Keyworker Accomm £'000	Shared Ownership Accomm £'000	Temp Social Housing £'000	Total £'000	Total 2008 £'000
Rent receivable net of identifiable service charges	26,581	1,288	531	857	101	29,358	23,883
Service Income	4,042	1,446	125	154	14	5,781	3,889
Net rental income	30,623	2,734	656	1,011	115	35,139	27,772
Other revenue grants	-	-	-	-	-	-	6
Lease income	-	294	366	-	-	660	1,803
Turnover from social housing lettings	30,623	3,028	1,022	1,011	115	35,799	29,581
Management Services	(9,175)	(1,646)	(71)	(83)	(7)	(10,982)	(9,708)
Routine maintenance	(2,985)	(1,258)	(90)	(112)	(11)	(4,456)	(2,786)
Planned maintenance	(4,603)	(137)	-	-	-	(4,740)	(6,671)
Bad debts	(320)	2	-	-	-	(318)	(1,253)
Care & Support services	(93)	(9)	-	-	-	(102)	(385)
Property lease charges	-	-	-	-	-	-	-
Depreciation of housing properties	(249)	(38)	-	-	-	(287)	(277)
	(2,172)	(388)	(443)	(281)	-	(3,284)	(3,231)
Operating costs on social housing lettings	(19,597)	(3,474)	(604)	(476)	(18)	(24,169)	(24,311)
Operating surplus/(deficit) on social housing lettings	11,026	(446)	418	535	97	11,630	5,270
Void Losses	(1,075)	(96)	(36)	(42)	(3)	(1,252)	(759)

3. Particulars of income and expenditure from lettings (continued)

Association	General needs housing £'000	NHS Trust Keyworker Accomm £'000	Temp Social Housing £'000	Shared Ownership £'000	Total 2009 £'000	Total 2008 £'000
Rent receivable net of identifiable service charges	15,475	531	51	619	16,676	11,440
Service income	3,656	125	12	146	3,939	1,902
Net rental income	19,131	656	63	765	20,615	13,342
Revenue grant	-	-	-	-	-	6
Lease income	-	366	-	-	366	1,840
Turnover from social housing lettings	19,131	1,022	63	765	20,981	15,188
Management Services	(2,034) (2,638)	(71) (90)	(7) (9)	(83) (105)	(2,195) (2,842)	(1,475) (1,745)
Routine maintenance	(3,572)	-	-	-	(3,572)	(4,454)
Planned maintenance	47	-	-	-	47	(510)
Property lease charges	(242)	-	-	-	(242)	(92)
Bad debts	(137)	-	-	-	(137)	(334)
Depreciation of housing properties	(1,330)	(443)	-	-	(1,773)	(1,629)
Operating costs on social housing lettings	(9,906)	(604)	(16)	(188)	(10,714)	(10,239)
Operating surplus on social housing lettings	9,225	418	47	577	10,267	4,949
Void Losses	(1,063)	(36)	(3)	(42)	(1,144)	(347)

4. Remuneration of officers and senior executives

	Group and Association	
	2009	2008
	£'000	£'000
The aggregate amount of senior executive emoluments for the year (excluding pension contributions and taxable benefits)	1,129	1,060
Remuneration of the highest paid senior executive excluding pension contributions	165	150

The Chief Executive is an ordinary member of the Social Housing Pension Scheme described in note 23. Parent board members received remuneration of £72,630 (2008: £60,247). Total expenses reimbursed to Board Members were £1,055 (2008: £2,839).

5. Staff numbers and costs

The average numbers of persons employed by the Association expressed both in full time equivalents and numbers of staff members (including senior executives), analysed by category, were as follows:

	Group and Association		Group and Association	
	2009	2009	2008	2008
	FTE's	No.	FTE's	No.
Administration staff	241	257	231	245
Maintenance	11	11	11	11
Caretakers, cleaners and wardens	21	22	21	22
	273	290	263	278

The aggregate payroll cost of these persons was as follows:

	Group and Association	
	2009	2008
	£'000	£'000
Wages and salaries	8,076	7,618
Social security costs	713	679
Other pension costs	656	686
	9,445	8,983

6. Sale of properties

	Group		Association	
	2009 £ '000	Restated 2008 £ '000	2009 £ '000	Restated 2008 £ '000
Disposal Proceeds	4,733	8,348	4,393	7,534
Carrying Value of Fixed Assets	(4,026)	(6,566)	(3,601)	(5,474)
	707	1,782	792	2,060

7. Interest receivable

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Bank interest receivable	167	204	148	155
Interest charge on inter-group on lending	-	-	2,752	3,536
	167	204	2,900	3,691

8. Interest payable and similar charges

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Bank loans	19,264	18,294	18,936	18,238
Other bank charges	369	194	321	156
Finance lease charges	206	199	-	-
	19,839	18,687	19,267	18,394
Less: interest capitalised	(5,179)	(5,342)	(5,161)	(5,168)
	14,660	13,345	14,096	13,226

9. Deficit for the year

	Group		Association	
	2009 £ '000	Restated 2008 £ '000	2009 £ '000	Restated 2008 £ '000
The deficit for the year is stated after charging/(crediting):				
Auditors' remuneration on audit services:				
- Audit of Parent	30	27	30	27
- Audit of Subsidiaries pursuant to legislation	29	27	29	27
- Other Services - Vat	-	25	-	25
- Other Services - Service Charges	22	17	22	17
- Other Services - Business Plan Review	19	-	19	-
Depreciation on housing properties	3,284	1,701	1,773	1,701
Depreciation on other fixed assets	858	672	849	672
Operating lease charges - P & M	-	-	-	-
Operating lease charges - Others	-	-	-	-
Forest Gate Private Finance Initiative	(814)	-	(814)	-
Group Management fees from other group undertakings	-	-	(10,572)	(9,387)

10. Taxation

	Group		Association	
	2009 £ '000	Restated 2008 £ '000	2009 £ '000	Restated 2008 £ '000
Tax charge/(credit) on deficit on ordinary activities				
Current tax:				
Arising from earlier periods	-	177	-	15
Current year movements	-	-	-	-
Tax charge on deficit on ordinary activities	-	177	-	15
Tax reconciliation				
Surplus/(Deficit) on ordinary activities before tax	(379)	(2,061)	699	238
Deficit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	(106)	(577)	210	71
Charitable status – no tax charge	106	577	(210)	(71)
Total current tax charge for current year	-	-	-	-

11. Tangible fixed assets - properties

α) Housing properties: Group

	General/ special needs £'000	Completed shared ownership housing properties £'000	Completed NHS Keyworker £'000	Market Rented £'000	Under constr. £'000	Total £'000
Cost or valuation:						
At 1 April 2008 restated note 22	298,860	22,670	40,364	7,409	118,402	487,705
Additions	1,549	270	158	-	68,324	70,301
Disposals	(2,904)	(3,108)	-	-	-	(6,012)
Transfers	6,760	-	-	(6,760)	-	-
Completions	58,730	1,048	30,197	-	(89,975)	-
Valuation adjustment	(42,380)	7,971	-	(95)	-	(34,504)
Cost at 31 March 2009	320,615	28,851	70,719	554	96,751	517,490
Depreciation:						
At 1 April 2008	-	-	(2,445)	-	-	(2,445)
Charge for year	(2,487)	(182)	(576)	(3)	-	(3,248)
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Valuation adjustment	2,487	182	-	3	-	2,672
At 31 March 2009	-	-	(3,021)	-	-	(3,021)
Social Housing Grant:						
At 1 April 2008	-	-	(1,552)	-	(36,665)	(38,217)
Received during year	(1,441)	(153)	(4,716)	-	(31,423)	(37,733)
Transfers	-	-	-	-	-	-
Completions	(24,281)	(254)	(4,566)	-	29,101	-
Disposals	-	-	-	-	-	-
Valuation adjustment	25,722	407	-	-	-	26,129
At 31 March 2009	-	-	(10,834)	-	(38,987)	(49,821)
Other Public Sector Grants:						
At 1 April 2008	-	-	(38)	-	(15,693)	(15,731)
Received during year	46	15	-	-	(981)	(920)
Transfers	-	-	-	-	-	-
Completions	(2,834)	(472)	-	-	3,306	-
Disposals	-	-	-	-	-	-
Valuation adjustment	2,788	457	-	-	-	3,245
At 31 March 2009	-	-	(38)	-	(13,368)	(13,406)
Net Book Value:						
At 31 March 2009	320,615	28,851	56,826	554	44,396	451,242
At 31 March 2008	298,860	22,670	36,329	7,409	66,044	431,312
Cost or valuation at 31 March 2009 is represented by:						
Gross Cost	426,633	5,990	70,719	143	96,751	600,236
Less: Depreciation	(12,743)	(458)	(3,021)	(17)	-	(16,239)
Less: Social Housing Grant	(122,715)	(5,925)	(10,834)	-	(38,987)	(178,461)
Less: Other Public Sector Grant	(63,303)	(3,664)	(38)	-	(13,368)	(80,373)
	227,872	(4,057)	56,826	126	44,396	325,163
Revaluation reserve	92,743	32,908	-	428	-	126,079
	320,615	28,851	56,826	554	44,396	451,242

11. Tangible fixed assets – properties (continued)

a) Housing properties: Association

	General/ special needs £'000	Completed shared ownership housing properties £'000	Completed NHS Keyworker £'000	Market Rented £'000	Under constr. £'000	Total £'000
Cost or Valuation:						
At 1 April 2008 restated note 22	145,700	16,720	40,364	6,760	113,046	322,590
Additions	1,709	266	158	-	67,995	70,128
Disposals	(2,815)	(3,108)	-	-	-	(5,923)
Completions	53,045	1,048	30,197	-	(84,290)	-
Transfers	6,760	-	-	(6,760)	-	-
Valuation adjustment	(34,519)	7,884	-	-	-	(26,635)
Cost at 31 March 2009	169,880	22,810	70,719	-	96,751	360,160
Depreciation:						
At 1 April 2008	-	-	(2,445)	-	-	(2,445)
Disposals	-	-	-	-	-	-
Charge for year	(1,015)	(146)	(576)	-	-	(1,737)
Valuation adjustment	1,015	146	-	-	-	1,161
At 31 March 2009	-	-	(3,021)	-	-	(3,021)
Social Housing Grant:						
At 1 April 2008	-	-	(1,552)	-	(35,313)	(36,865)
Received during year	(1,457)	(153)	(4,716)	-	(31,103)	(37,429)
Disposals	-	-	-	-	-	-
Completions	(22,609)	(254)	(4,566)	-	27,429	-
Transfers	-	-	-	-	-	-
Valuation adjustment	24,066	407	-	-	-	24,473
At 31 March 2009	-	-	(10,834)	-	(38,987)	(49,821)
Other Public Sector Grants:						
At 1 April 2008	-	-	(38)	-	(15,252)	(15,290)
Received during year	9	15	-	-	(981)	(957)
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Completions	(2,393)	(472)	-	-	2,865	-
Valuation adjustment	2,384	457	-	-	-	2,841
At 31 March 2009	-	-	(38)	-	(13,368)	(13,406)
Net Book Value:						
At 31 March 2009	169,880	22,810	56,826	-	44,396	293,912
At 31 March 2008	145,700	16,720	36,329	6,760	62,481	267,990
Cost or valuation at 31 March 2009 is represented by:						
Gross Cost	273,425	3,566	70,719	-	96,751	444,461
Less: Depreciation	(5,483)	(214)	(3,021)	-	-	(8,718)
Less: Social Housing Grant	(92,979)	(5,636)	(10,834)	-	(38,987)	(148,436)
Less: Other Public Sector Grant	(21,948)	(3,664)	(38)	-	(13,368)	(39,018)
Revaluation reserve	153,015	(5,948)	56,826	-	44,396	248,289
	16,865	28,758	-	-	-	45,623
	169,880	22,810	56,826	-	44,396	293,912

11. Tangible fixed assets – properties (continued)

a) Housing Properties

The Association has received Social Housing Grant from the HCA and local authorities and grant from English Partnerships.

A number of the properties that have been grant funded by English Partnerships are subject to secure tenancies which confer on the tenant the right to purchase the property they occupy. If a tenant exercises their right to purchase the property the Association is liable to repay to English Partnerships an amount that is broadly equivalent to the grant advanced in respect of the property.

Similar obligations to the tenant exist in respect to properties built under the right to acquire legislation although in these cases there is no obligation to English Partnerships.

Under most circumstances, if housing properties are disposed of, Social Housing Grant is recycled or becomes repayable to the HCA.

Included within additions are development administration costs of Group: £2.8m, Association: £2.8m, (2008 Group: £3.3m, Association: £3.2m) and interest capitalised of Group: £5.2m, Association: £5.2m (2008 Group: £5.0m, Association: £4.8m). The interest capitalisation was calculated using the Group's average cost of floating rate borrowing each month. The average rate during the year was 5.46%.

The maintenance and repair expenditure on housing properties for the Group is £6.3m, Association £4.7m (2008 Group: £7.9m, Association: £4.9m). In 2009 £1.7m of this expenditure is capitalised (2008: NIL).

All completed housing stock of the Group was valued as at 31 March 2009, on the basis of Existing Use Value for Social Housing (EUV-SH) for accounts purposes at Group: £451m, Association: £294m. The valuation was undertaken in accordance with the RICS Appraisal & Valuation Manual ('The Red Book') where EUV-SH is defined at UKPS1.13. In determining this valuation, the valuers made use of discounted cashflow methodology and the key assumptions made concerned the level of future rents, future repair and maintenance costs, the rate of turnover of existing tenants and the discount rate. The assumed discount rate was 5.25% real. The valuation was carried out by FPD Savills, Chartered Surveyors of 25 Finsbury Circus, London EC2M 7EE.

Completed NHS Keyworker properties are carried at cost less depreciation.

In addition, the net book value of housing properties comprises £391m Freehold and £60m Leasehold premises.

11. Tangible fixed assets – Other

b) Other Fixed Assets: Group

	Freehold offices & temporary buildings £ '000	Computer equipment £ '000	Office equipment and fittings £ '000	Total £ '000
Cost				
At 1 April 2008	3,535	1,884	997	6,416
Additions	29	586	48	663
At 31 March 2009	3,564	2,470	1,045	7,079
Depreciation				
At 1 April 2008	(351)	(896)	(436)	(1,683)
Charged for the year	(64)	(588)	(196)	(848)
At 31 March 2009	(415)	(1,484)	(632)	(2,531)
Net Book Value				
At 31 March 2009	3,149	986	413	4,548
At 31 March 2008	3,184	988	561	4,733

b) Other Fixed Assets: Association

	Freehold offices & temporary buildings £ '000	Computer equipment £ '000	Office equipment and fittings £ '000	Total £ '000
Cost				
At 1 April 2008	3,323	1,884	972	6,179
Additions	28	586	56	670
At 31 March 2009	3,351	2,470	1,028	6,849
Depreciation				
At 1 April 2008	(296)	(895)	(418)	(1,609)
Charged in year	(59)	(589)	(202)	(850)
At 31 March 2009	(355)	(1,484)	(620)	(2,459)
Net Book Value				
At 31 March 2009	2,996	986	408	4,390
At 31 March 2008	3,027	989	554	4,570

11. Investments

c) Association

	Inter-association on-lending £ '000
At 1 April 2008	52,063
Advance to Group member	4,890
<hr/>	
At 31 March 2009	56,953

Following completion of the increased Group borrowing facility on 23 March 2001, all loans are drawn down by Swan Housing Association. As at 31 March 2009 a loan of £35.8m has been provided to Swan (Essex) Housing Association, and a loan of £21.1m has been provided to Swan (London) Housing Association. These amounts relate to the development programmes and associated working capital requirements for the properties owned by Swan (Essex) Housing Association and Swan (London) Housing Association.

Direct holdings	Activity	Country of registration
Swan (Essex) HA Limited	Provision of homes to rent	Great Britain
Swan (London) HA Limited	Provision of homes to rent	Great Britain
Swan New Homes Limited	Build of new homes	Great Britain
Swan Commercial Services Limited	Design and build contractor	Great Britain
 Indirect holdings		
Pike Housing Services Limited	Property letting	Great Britain

12. Properties for sale

	Group		Association	
	2009 £ '000	Restated 2008 £ '000	2009 £ '000	Restated 2008 £ '000
Properties under construction	41,992	31,818	41,852	31,818
	41,922	31,818	41,852	31,818

13. Debtors

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Rent and Service Charges Receivable	3,174	3,366	1,650	1,595
Less: provision for bad debts	(1,816)	(1,913)	(838)	(749)
	1,358	1,453	812	846
Other debtors	2,112	910	684	592
Other prepayments and accrued income	3,819	9,651	3,662	9,347
Other prepayments and accrued income - PFI	3,507	-	3,507	-
Amounts owed by Group undertakings	-	-	9,288	14,869
	10,796	12,014	17,953	25,654

14. Creditors: amounts falling due within one year

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Trade creditors	2,012	2,466	1,723	2,141
Capital creditors	1,822	193	1,822	193
Disposal Proceeds Fund	-	573	-	473
Recycled Capital Grant Fund	630	4,677	630	-
Other creditors	9,782	8,076	7,280	6,216
Rental income received in advance	496	865	91	418
Amounts owed to Group undertakings	-	-	323	96
Amounts owed to English Partnerships	3,908	-	-	-
Interest payable	1,101	681	882	681
	19,751	17,531	12,751	10,218

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

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Housing loans	384,535	341,849	384,535	342,482
Finance leases	3,024	3,024	-	-
	387,559	344,873	384,535	342,482
Housing loans, not repayable by instalments:				
Falling due for repayment after five years	387,000	343,500	387,000	343,500
Less: issue costs	(2,465)	(1,649)	(2,465)	(1,018)
	384,535	341,851	384,535	342,482

The loans above are drawn from a total committed loan facility of £520million provided by a syndicate headed by Royal Bank of Scotland plc. The loan facility was continued and extended on 14 November 2008 from £380m to £520m. It consists of a Group borrowing facility for the benefit of the registered social landlords within the Group. Under this facility the property collateral of all properties charged to the lenders is pooled to secure the loan finance and overdraft facilities provided under the arrangement. Loans are secured by charges on specific properties and floating charges over all properties.

Finance Leases	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Market rented properties	3,024	3,024	-	-

Finance Leases represent the capital funding advanced under finance leases for a total of 35 properties. These entail the funder (Bradford and Bingley plc) purchasing the freehold of properties on the open market, leasing them to Swan (Essex) Housing Association for 25 years and Swan (Essex) Housing Association Limited entering into a back to back lease with Pike Housing Services Limited. At the end of the lease term Bradford and Bingley plc have a put option to sell the properties and Swan (Essex) Housing Association has a call option to purchase the properties, both at historic cost. These options are replicated between Swan (Essex) Housing Association and Pike Housing Services.

16. Non Equity Share Capital – Group and Association

	2009	2008
Outstanding at 1 April 2008	16	12
Allocated during the year	-	6
Resigned during the year	(6)	(2)
	10	16

The shares have limited rights. They carry no entitlement to a dividend. They are not repayable and do not carry rights to participate in a winding up. They carry an entitlement to vote at the annual and special meetings of the Association.

17. Reserves - Group

	Income & Expenditure Account £ '000	Revaluation Reserve £ '000	Designated Reserve £ '000	Total £ '000
As at 1 April 2008	2,282	120,282	542	123,106
Prior Year Adjustment (note 22)	7,395	(7,395)	-	-
As at 1 April 2008 as restated	9,677	112,887	542	123,106
Revaluation deficit in year – housing properties	-	(2,458)	-	(2,458)
Deficit for year	(379)	-	-	(379)
Realisation of revaluation surplus on properties sold in the year	361	(361)	-	-
Transfer to designated reserve	-	-	-	-
Transfer of depreciation relating to revaluation	739	(739)	-	-
As at 31 March 2009	10,398	109,329	542	120,269

A designated reserve has been set up to pay for the replacement of white goods when required in the supported housing schemes where required by the lease.

17. Reserves - Association

	Income & Expenditure Account £ '000	Revaluation Reserve £ '000	Total £ '000
As at 1 April 2008	(3,722)	36,834	33,112
Prior Year Adjustment (note 22)	7,395	(7,395)	-
As at 1 April 2008 as restated	3,673	29,439	33,112
Revaluation surplus in year – housing properties	-	1,840	1,840
Surplus for year	699	-	699
Transfer of surplus on sale of property	227	(227)	-
Transfer of depreciation relating to revaluation	220	(220)	-
As at 31 March 2009	4,819	30,832	35,651

18. Commitments

i) Capital Commitments at the end of the financial year for which no provision has been made.

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Contracted but not provided	72,915	59,909	72,915	59,259
Authorised but not contracted	359,149	312,170	199,804	222,248

The Board considers that all expenditure will be financed by available loans, grants and sales income.

ii) Annual commitments for the year from the balance sheet date under non-cancellable operating leases for equipment and motor vehicles are as follows:

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Operating leases which expire:				
Within one year	188	188	188	188
In the second to fifth years inclusive	255	255	255	255
	443	443	443	443

19. Analysis of completed property units - Group

At 31 March 2008 the Group's housing stock comprised:

	Owned Number of units		Managed Number of units	
	2009	2008	2009	2008
Social Housing:				
General needs	5,495	5,160	1	-
Shared ownership	489	459	-	-
Sheltered (Elderly)	30	28	-	-
Other Supported Housing	509	510	13	-
NHS keyworker accommodation	1,420	689	12	96
Supported housing (Floating Support)	-	-	-	-
Temporary Social Housing	-	-	-	15
London Borough of Newham	-	-	1,348	-
Total Social Housing	7,943	6,846	1,374	111
Non-Social Housing:				
Market rented	55	83	-	-
Garages	427	426	198	-
Sold to leaseholder with retained freehold	680	645	-	-
Total Housing Stock	9,105	8,000	1,572	111

19. Analysis of completed property units - Association

	Owned Number of units		Managed Number of units	
	2009	2008	2009	2008
Social Housing:				
General needs	2,965	2,585	1	-
Leased to subsidiary undertaking – market rented	341	308	-	-
Shared ownership	327	290	-	-
NHS keyworker accommodation	1,420	785	12	-
Temporary Social Housing	-	-	-	5
London Borough of Newham	-	-	1,348	-
Total owned and managed housing stock	5,053	3,968	1,361	5

20. Legislative provisions

The Association is registered under the Industrial and Provident Societies Act 1965 with the reference 28496R, and with the TSA under reference L4145. The Association is a Registered Social Landlord with the TSA under the Housing Act 1996.

21. Related party disclosures

There are five tenants who are also Board members of one or more of the entities within the Group. The rent and terms of their tenancies are determined in the same way as those of all tenants. The tenant members who served during the year were John Elkins, Vicki Brown, Tyson Bunby, Nasreen Golamnohee and Mohamed Sharif. There were no other related party transactions with the tenant members.

The Association has provided car purchase loans to two Directors, the terms and interest rate is the same as that available to staff.

22. Prior year adjustment

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

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

The effect of the change in accounting policy is an increase in the group's and association's turnover for the year ending 31 March 2008 of £3.8m, and increase in the cost of sales of £3.2m with a consequent decrease in deficit before tax of £0.6m. The cumulative effect on reserves is an increase of £1.5m.

	Cumulative prior year adjustment to 31 March 2007 £ '000	Prior year adjustment for 2007/08 £ '000	Cumulative prior year adjustment to 31 March 2008 £ '000
Group			
Shared ownership first tranche sales			
Turnover - proceeds of first tranche sales	10,862	5,923	16,785
Cost of sales	(5,003)	(4,387)	(9,390)
Surplus	5,859	1,536	7,395
Revenue reserves			
Revenue reserves as at 31 March as previously stated	4,054		2,282
Add: surplus on first tranche shared ownership sales	5,859	1,536	7,395
Revenue reserves at 31 March as restated	9,913		9,677
Revaluation reserves			
Revaluation reserves as at 31 March as previously stated	105,590		120,282
Less: surplus on first tranche shared ownership sales	(5,859)	(1,536)	(7,395)
Revaluation reserves at 31 March as restated	99,731		112,887

22. Prior year adjustment (cont)

	Cumulative prior year adjustment to 31 March 2007 £ '000	Prior year adjustment for 2007/08 £ '000	Cumulative prior year adjustment to 31 March 2008 £ '000
Association			
Shared ownership first tranche sales			
Turnover - proceeds of first tranche sales	10,862	5,923	16,785
Cost of sales	(5,003)	(4,387)	(9,390)
Surplus	5,859	1,536	7,395
Revenue reserves			
Revenue reserves as at 31 March as previously stated	(3,346)		(3,723)
Add: surplus on first tranche shared ownership sales	5,859	1,536	7,395
Revenue reserves at 31 March as restated	2,513		3,672
Revaluation reserves			
Revaluation reserves as at 31 March as previously stated	37,834		36,834
Less: surplus on first tranche shared ownership sales	(5,859)	(1,536)	(7,395)
Revaluation reserves at 31 March as restated	31,975		29,439
The prior year adjustment to current asset balances for the group and association for the year ended 31 March 2008 is an increase of £930k, being the transfer of the shared ownership first tranche proportion from fixed assets to current assets.			
The impact of the adjustment on completed shared ownership properties within housing property balances is shown below:			
	Cumulative prior year adjustment to 31 March 2007 £ '000	Prior year adjustment for 2007/08 £ '000	Cumulative prior year adjustment to 31 March 2008 £ '000
Group			
Tangible fixed assets - properties			
Cost or valuation			
At 31 March as previously stated	410,703		519,637
Add: accumulated first tranche surpluses from prior years	5,859	1,536	7,395
Less: first tranche amounts held as current assets	(31,818)	(10,034)	(41,852)
Less: adjustment to revaluation re change in attributable costs	(5,859)	(1,536)	(7,395)
At 31 March as restated	378,885		487,819
Association			
Tangible fixed assets - properties			
Cost or valuation			
At 31 March as previously stated	261,408		354,408
Add: accumulated first tranche surpluses from prior years	5,859	1,536	7,395
Less: first tranche amounts held as current assets	(31,818)	(10,034)	(41,852)
Less: adjustment to revaluation re change in attributable costs	(5,859)	(1,536)	(7,395)
At 31 March as restated	229,590		313,006

23. Pensions

The Association participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The Scheme Actuary has estimated the employer debt that would have been payable if Swan withdrew from the Social Housing Pension as at 30 September 2008. The estimated figure is £12,194,000.

During the accounting period the Association paid contributions at the rate of 14.1% (2008 – 14.1%). Member contributions vary between 6.4% and 8.4 (2008- 6.4% and 8.4%) depending on their age.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of the underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a 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 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 £663m, equivalent to a past service funding level of 70%.

Financial Assumptions

The financial assumptions underlying the valuation were as follows:

	% pa
- Investment return pre retirement	7.8
- Investment return post retirement	5.6
- Pensionable earnings growth	4.7
- Price Inflation	3.2
- Pension increase post 88 GMP	2.8

Valuation Results

The long-term joint contribution rate required from employers and members to meet the cost of future benefit was assessed as 17.8% of pensionable salaries.

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

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). Employers that have closed the Scheme to new members are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

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

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

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

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

One member of staff is a member of the London Borough of Tower Hamlets Pension Fund; the Employer was fully funded on the ongoing funding basis at the date of joining in 2005. No further disclosure is required on the basis of materiality.

24. Subsidiaries

Swan Housing Association provides staff and other services to its subsidiaries (each of which is a Registered Social Landlord, with the exception of Pike Housing Services Limited) under the terms of procedure agreements. Details of the amount charged to the subsidiaries within the Group are as follows:

	2009	2008
	£'000	£'000
Amount allocated:		
Swan (Essex)		
Housing Association	7,062	6,294
Pike Housing Services Limited	135	135
Swan (London)		
Housing Association	3,275	2,959
Swan Commercial Services	20	8
Swan New Homes	80	-
	10,572	9,396

Under the Group loan facility Swan draws down the loans and on-lends to the other Associations in the Group. At 31 March 2009, Swan had provided term finance of £35.8m to Swan (Essex) Housing Association and £21.1m to Swan (London) Housing Association.

25. Contingent liabilities

Performance Bonds

Swan (Essex) Housing Association has issued performance bonds in respect of highway and other works which are part of development schemes in Basildon amounting to a maximum of £1,188,942 which may be retained by the local authorities in the event of works required under the construction programme not being completed. At present the Association is expecting to complete these works satisfactorily. The bonds expire at various dates, the latest of which is November 2018.

26. Creditor Payment Days

The average number of days between receipt and payment of purchase invoices in 2009 was 33 days. (2008: 35 Days)

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