

swan



Report and Financial Statements

Year ended 31 March 2010

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Board members, executive directors, advisors and bankers

Board

Richard Frost	Chairman
George Kieffer	Vice Chairman
Derek Morrison	Treasurer
Hui Fong Chen	Other Members
Anthony Holland	
Gideon Amos	
Tim Gerrard	
Sheila Belgrave – appointed 28 September 2009	
Angela Lyon – appointed 28 September 2009	
Ian Ritchie	
Roy Weekley	
Steve King	
John Synnuck – resigned 28 September 2009	

Executive directors

John Synnuck	Chief Executive
Mark Thompson	Deputy Chief Executive
Jamie Smith – appointed 17 September 2009	Group Finance Director
Paul Edwards – resigned 31 August 2009	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

Devonshires
Salisbury House, London Wall EC2M 5QY

Bankers

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

Operating and financial review

For the year ended 31 March 2010

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 2010 was £66.3 million, an increase of 23.1% on the previous twelve months’ position. Key to this is the Forest Gate PFI. In addition, our development programme added 350 new units in the year.

Swan Housing

Swan Housing Association Limited commenced trading on the 1 April 1998 as the stockholding parent of Basildon Community Housing Association Limited (BCHA) and Cygnet Housing Association Limited (CHA) as direct subsidiaries. BCHA was formed in 1994 to take transfer of some 2,600 CNT properties in Basildon. CHA also commenced trading on 1 April 1998 as the specialist supported housing association within the Group.

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 (South East)
- Swan Commercial Services Ltd
- Swallow Housing Association Limited - dormant

In April 2006 the Group attained charitable status for the three above mentioned Registered Provider (RPs) and renamed BCHA to Swan (Essex) Housing Association Limited and CHA to Swan (London) Housing Association Limited in order to provide a geographical management focus and strengthen the Swan brand. These three entities became Registered Providers (RP’s) on 1 April 2010 under the new regulatory regime of the Tenant Services Authority. Swan Foundation (South East) is a charity established to benefit the local community.

Pike Housing Services Limited was also formed at the same time as a private limited company to undertake private rented schemes on behalf of the Group. Swan New Homes Limited and Swan Commercial Services Limited undertake development, construction and sale of housing.

Other than the employees of Swan New Homes, Swan Housing Association employs all of the staff within the Group and provides services to the subsidiaries under detailed procedure agreements.

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 coming 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.

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 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 recent Short Notice Inspection by the Audit Commission highlighted our strengths and made some clear recommendations on how we can further improve our services to residents. 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 able to:

- deliver an annual growth of 5% in affordable homes
- exceed Business Plan targets
- 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 Annual Budgets and Business Plan projections include provision for capital and revenue resources to allow us to 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.

The principle risks to the successful achievement of Swan's objectives are considered below:

- (a) significant falls in the housing market would have a detrimental effect on Swan's business plan.

- (b) failure to comply with financial covenants in loan documentation as a result of inaccurate cash flow forecasting could have an adverse effect on Swan's business plan.
- (c) future Government policy particularly with regards to availability of capital grant and rent policy may restrict development activities.
- (d) failure to adapt and develop management structures, processes and procedures as Swan expands could lead to an inability to deliver Swan's business plan.
- (e) the failure of a strategic partner could lead to a deterioration in service levels to residents or a delay in the delivery of development projects.

Effective management of these risks is given a high priority within Swan and appropriate controls and contingencies are in place.

Current growth projections

In the recent 2008-11 bid round, Swan submitted a large number of high quality bids for development 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.

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 has an established panels of Contractors, Consultants, Architects and Solicitors who are commissioned under the terms of partnering Framework Agreements to allow the call-off of professional services on a pre-agreed set of fee rates, terms and conditions. These frameworks have also led 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 has acted as a contractor on its own schemes through Swan New Homes (SNH) Swan's construction arm. SNH has subcontracted directly for the works packages required through the build process, and currently has around 200 units on site.

Corporate Social Responsibility (CSR)

The Swan Foundation continues to be the cornerstone of Swan's CSR strategy. The Foundation aims to:

- be a catalyst for positive change
- change the way people think
- overcome social and economic barriers
- make it easy for people to get involved
- dedicate 100% of resources received to the community

In partnership with businesses we aim to address the challenges of regeneration in socially and economically excluded areas. Working through our Concordance agreement with our contractors we have been able to build relationships with different businesses and create new approaches to CSR.

During the last twelve months we have invested in projects that have reached some of the most excluded members of our neighbourhoods. Although in the early stages of development these initial investments have already delivered changes to the lives of those involved, creating sustainable and long term improvements to those neighbourhood and communities we are supporting. Our success in securing funding from our partners will result in significantly greater investment in the coming twelve months.

Governance

As a consequence of the Housing and Regeneration Act 2008 (the "2008 Act"), on 1 December 2008 the Housing Corporation closed and the investment and regulatory responsibilities of the Housing Corporation were transferred to the Homes and Communities Agency ("HCA") and Tenant Services Authority ("TSA") respectively. The investment entity English Partnerships has also been absorbed into the HCA. The TSA has been tasked with developing a new regulatory framework for social housing in England and consequently it has undertaken a long period of consultation. The new framework and approach was set out in a document issued by the TSA in March 2010. Registered Social Landlords become Registered Providers and the essence of the new regime is to create co-regulation involving landlords, tenants and the TSA. The TSA's approach is less prescriptive and has led to the sweeping away of guidance previously issued by the Housing Corporation in order to enable landlords to develop, with involvement from tenants, local arrangements to meet tenant needs within a broader set of standards. Pending receipt of the new framework and whilst the Group considers its implications the Group has continued to operate within the prior Housing Corporation guidance and the 2004 National Housing Federation ("NHF") Code of Governance. Effective from 1 April, 2010 the Group has also adopted the NHF Excellence in Standards of Conduct whilst it considers the impact of the removal of Schedule 1 of the Housing Act 1996.

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 £0.4million (2009 –deficit before tax of £0.4 million) which included housing property depreciation on a valuation basis of £672,000 (2009 - £739,000). In addition the Group showed an increase in the revaluation surplus on its completed housing properties of £26.5 million (2009 - £2.5 million decrease). 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 remains positive.

New development is a core activity and the housing stock owned by the Group increased by 57 net units during the year.

Accounting policies

The principal 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. In the year Swan adopted a new accounting policy with regards to the accounting for the Forest Gate Private Finance Initiative (PFI).

Forest Gate Private Finance Initiative (PFI)

In 2009 Swan entered into a 20-year contract with the London Borough of Newham which resulted in 1,546 units and garages coming under Swan's management. Swan will manage and maintain the properties and will be responsible for housing management and ensuring that the dwellings are brought up to the Governments Decent Homes standard by 2012.

Swan has adopted a policy of accounting for the housing management and Decent Homes construction works on a separable basis. The unitary charge received under the contract has been split according to the total costs of the separable elements of the contract. Income and costs incurred on housing management will be recognised as incurred. The performance of the Decent Homes construction works will be forecast, including an allowance for risks, and a proportion of the resulting surplus taken in the year based on the percentage of works completed.

Full provision will be made for all known or expected losses immediately once such losses are foreseen.

Treasury policy

Borrowings management is the responsibility of the Group Finance Director. The Treasury 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 2010 the Group borrowings were £381.5m. 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 Providers 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.

Swan 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 2010 was £497m, an increase of £46m from the 31 March 2009 value of £451m, 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 2010

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2010.

The Group

The Group owns 9,162 units of property and manages a further 1,565 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.
- Swan Commercial Services – a wholly owned subsidiary that provides design and build services
- Swan Foundation (South East) – a company limited by guarantee and is registered as a charity with the Charity Commission
- Swallow Housing Association Limited – dormant

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") for the development programme for the next year. The costs of new development and the grants received are set out on page 31.

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 £381.5 million had been drawn down at 31 March 2010, leaving £138.5 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 £1,814 (2009: £1,210) 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.

Statement of compliance

Throughout the year ended 31 March 2010, the Group has been in compliance with the Code of Governance, Competence and Accountability.

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 Housing Corporation Circular R2 25/01 Internal Controls Assurance.

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 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 2010 showed an increase in the deficit to £738 million, representing an overall funding level of 70%.

Going concern

Following a review of the Group Budget for 2010/2011, 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 its overall responsibility, applicable to all organisations within the group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the group is ongoing, has been in place throughout the period commencing 1 April 2009 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- board approved terms of reference and delegated authorities for audit, housing and finance committees
- clearly defined management responsibilities for the identification, evaluation and control of significant risks
- robust strategic and business planning processes, with detailed financial budgets and forecasts
- formal recruitment, retention, training and development policies for all staff
- established authorisation and appraisal procedures for significant new initiatives and commitments
- a sophisticated approach to treasury management which is subject to external review each year
- regular reporting to the appropriate committee on key business objectives, targets and outcomes
- board approved whistle-blowing and anti-theft and corruption policies
- board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets
- regular monitoring of loan covenants and requirements for new loan facilities.

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 Housing Corporation'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 Housing Corporation's Regulatory Code and Housing Corporation 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 (page 5).

Reports from the Tenant Services Authority

In accordance with guidance issued by the Tenant Services Authority ("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 and who is in charge. 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.

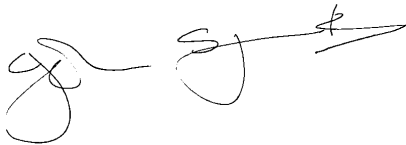
Report and Financial Statements

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, the Housing and Regeneration Act 2008 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 2008).

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

Approved by the Board on 12 July 2010

A handwritten signature in black ink, appearing to read 'John Synnuck', with a long horizontal stroke extending to the right.

John Synnuck
Chief Executive

Independent auditors' report to the members of Swan Housing Association Limited

For the year ended 31 March 2010

We have audited the financial statements of Swan Housing Association Limited for the year ended 31 March 2010 which comprise the group and association income and expenditure account, the group and association balance sheets, the group cashflow statement, the group and association statement of total recognised surpluses and deficits and the related notes. This report is made solely to the association'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 association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The directors' responsibilities for preparing the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 10. 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 in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, and whether the financial statements are in compliance with Chapter 4 of Part 2 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

In addition, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968 we report to you if, in our opinion, the association has not kept proper books of account, or maintained a satisfactory system of control, or the financial statements are not in agreement with the books of account of the society; or 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 the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the association's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and association's affairs as at 31 March 2010 and of the group and association income and expenditure, for the year then ended
- the financial statements are in compliance with Chapter 4 of Part 2 of the Housing and Regeneration Act 2008, and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Paul Naylor

Paul Naylor

Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Cambridge
25 August 2010

Consolidated income and expenditure account

For the year ended 31 March 2010

	Note	2010 £ '000	2009 £ '000
Turnover	2 & 3	66,259	53,816
Operating costs	2 & 3	(53,016)	(40,409)
Operating surplus		13,243	13,407
(Deficit)/Surplus on sale of properties	6	(22)	707
Interest receivable	7	82	167
Interest payable and similar charges	8	(13,735)	(14,660)
Deficit on ordinary activities before taxation	9	(432)	(379)
Tax on deficit on ordinary activities	10	-	-
Deficit on ordinary activities after taxation	17	(432)	(379)

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

The notes on pages 22 to 42 form part of the financial statements.

Consolidated statement of total recognised surpluses and deficits

For the year ended 31 March 2010

	2010 £ '000	2009 £ '000
Deficit for the financial year	(432)	(379)
Unrealised surplus/(deficit) on revaluation of housing properties	26,147	(2,458)
Total surpluses/(deficits) recognised since last financial statements	25,715	(2,837)

Consolidated note of historical cost surpluses and deficits

For the year ended 31 March 2010

	2010 £ '000	2009 £ '000
Reported deficit on ordinary activities before taxation	(432)	(379)
Realisation of property revaluation gains	230	361
Difference between historical depreciation charge and the actual charge for the year calculated on the revalued amount	672	739
Historical cost surplus for the year before taxation	470	721
Historical cost surplus for the year after taxation	470	721

The notes on pages 22 to 42 form part of the financial statements.

Association income and expenditure account

For the year ended 31 March 2010

	Note	2009 £ '000	2008 £ '000
Turnover	2 & 3	59,127	40,313
Operating costs	2 & 3	(47,165)	(29,210)
Operating surplus		11,962	11,103
(Deficit)/surplus on sale of properties	6	(22)	792
Interest receivable	7	2,340	2,900
Interest payable and similar charges	8	(13,550)	(14,096)
Deficit on ordinary activities before taxation	9	730	699
Tax on surplus on ordinary activities	10	-	-
Deficit on ordinary activities after taxation	17	730	699

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

The notes on pages 22 to 42 form part of the financial statements.

Association statement of total recognised surpluses and deficits

For the year ended 31 March 2010

	2010 £ '000	2009 £ '000
Surplus for the financial year	730	699
Unrealised surplus on revaluation of housing and office properties	2,024	1,840
Total surpluses recognised since last financial statements	2,754	2,539

Association note of historical cost surpluses and deficits

For the year ended 31 March 2010

	2010 £ '000	2009 £ '000
Reported surplus on ordinary activities before taxation	730	699
Difference between historical depreciation charge and the actual charge for the year calculated on the revalued amount	230	220
Realised profit on disposal	182	227
Historical cost surplus for the year before taxation	1,142	1,146
Historical cost surplus for the year after taxation	1,142	1,146

The notes on pages 22 to 42 form part of the financial statements.

Consolidated balance sheet

For the year ended 31 March 2010

	Note	2010 £ '000	2009 £ '000
Tangible fixed assets			
Housing properties	11a	496,653	451,242
Other tangible fixed assets	11b	4,614	4,548
Total tangible fixed assets		501,267	455,790
Current assets			
Properties for Sale	12	28,002	41,992
Debtors	13	22,325	10,796
Cash at bank and in hand		29,694	19,001
		80,021	71,789
Creditors: Amounts falling due within one year	14	(35,295)	(19,751)
Net current liabilities		44,726	52,038
Total assets less current liabilities		545,993	507,828
Creditors: Amounts falling due after more than one year	15	400,009	387,559
Capital and reserves			
Share capital non-equity	16	-	-
Income and expenditure account	17	10,833	10,398
Designated reserve	17	577	542
Revaluation reserve	17	134,574	109,329
Capital and reserves		545,993	507,828

The notes on pages 22 to 42 form part of the financial statements.

The financial statements were approved by the Board on 12th July 2010 and signed on its behalf by:



Richard Frost
Chair



George Kieffer
Vice Chair



Derek Morrison
Treasurer

Company Number: 28496R

Association balance sheet

For the year ended 31 March 2010

	Note	2010 £ '000	2009 £ '000
Tangible fixed assets			
Housing properties	11a	305,439	293,912
Other tangible fixed assets	11b	4,363	4,390
Total tangible fixed assets		309,802	298,302
Investments			
Investment in subsidiaries	11c	62,628	56,953
Total fixed assets		372,430	355,255
Current assets			
Properties for Sale	12	28,002	41,852
Debtors	13	32,407	17,953
Cash at bank and in hand		18,706	17,877
		79,115	77,682
Creditors: Amounts falling due within one year	14	(16,155)	(12,751)
Net current assets		62,960	64,931
Total assets less current liabilities		435,390	420,186
Creditors: Amounts falling due after more than one year	15	396,985	384,535
Capital and reserves			
Share capital – non-equity	16	-	-
Income and expenditure account	17	5,961	4,819
Revaluation reserve	17	32,444	30,832
Capital and reserves		435,390	420,186

The notes on pages 22 to 42 form part of the financial statements.

The financial statements were approved by the Board on 12th July 2010 and signed on its behalf by:



Richard Frost
Chair



George Kieffer
Vice Chair



Derek Morrison
Treasurer

Company Number: 28496R

Consolidated cash flow statement

For the year ended 31 March 2010

	Note	2010 £ '000	2009 £ '000
Net cash inflow from operating activities	A	20,659	18,334
Returns on investments and servicing of finance			
Interest received		82	167
Interest paid		(16,558)	(19,839)
Net cash outflow from returns on investments and servicing of finance		(16,476)	(19,672)
Taxation			
Corporation tax paid		-	-
Capital expenditure			
Payments to acquire housing property assets		(66,537)	(74,087)
Capital grants received		54,690	38,656
Payments to acquire other fixed assets		(640)	(669)
Receipts from sale of housing properties		6,431	8,480
Net cash outflow from capital expenditure		(6,056)	(27,620)
Net cash outflow before management of liquid resources and financing		(1,873)	(28,958)
Management of liquid resources			
Short term investments		-	3,127
Financing			
Housing loans received		12,450	42,686
Net cash inflow from financing		12,450	42,686
Increase in cash	B	10,577	16,855

Notes to the cash flow statement

For the year ended 31 March 2010

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

	Group	
	2010 £ '000	2009 £ '000
Operating Surplus	13,243	13,407
Depreciation	3,401	4,106
(Increase)/Decrease in debtors	(11,529)	1,078
Increase/(decrease) in creditors	15,544	(257)
Net cash inflow from operating activities	20,659	18,334

B Reconciliation of net cashflow to movement in net debt

	Group	
	2010 £ '000	2009 £ '000
Increase in cash in the year	10,693	16,855
Increase in overdraft in the year	(116)	-
	10,577	16,855
Decrease in short term investments in the year	-	(3,127)
Cash inflow from increase in debt financing	(12,450)	(42,686)
Change in net debt resulting from cashflows	(1,873)	(28,958)
Movement in net debt in the year	(1,873)	(28,958)
Net debt at 1 April	(368,558)	(339,600)
Net debt at 31 March	(370,431)	(368,558)

C Analysis of changes in net debt

Group	At 1 April 2009 £ '000	Cashflow £ '000	At 31 March 2010 £ '000
Cash	19,001	10,693	29,694
Short term deposits	-	-	-
Overdraft	-	(116)	(116)
Debt due within one year	-	-	-
Debt due after more than one year	(384,535)	(12,450)	(396,985)
Finance leases	(3,024)	-	(3,024)
Total net debt	(368,558)	(1,873)	(370,431)

Notes to the financial statements

For the year ended 31 March 2010

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.

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 (EUV-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

Properties purchased for sale on shared ownership leases are recognised in the Income and Expenditure Account. Any surpluses on disposal are recognised in the Income and Expenditure Account.

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. For the Forest Gate PFI, Swan has adopted a policy of accounting for the housing management and Decent Homes construction works on a separable basis. The unitary charge received under the contract has been split according to the total costs of the separable elements of the contract. Income and costs incurred on housing management will be recognised as

incurred. The performance of the Decent Homes construction works will be forecast, including an allowance for risks, and a proportion of the resulting surplus taken in the year based on the percentage of works completed. Full provision will be made for all known or expected losses immediately once such losses are foreseen.

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 Group 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.

Investments

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

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 Group participates in a multi-employer defined benefit scheme, the Social Housing Pension Scheme (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.

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.

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

	Turnover £'000	2010 Operating costs £'000	Surplus/ (deficit) £'000	Turnover £'000	2009 Operating costs £'000	Surplus/ (deficit) £'000
Income and expenditure:						
From social housing lettings	41,412	(26,522)	14,890	35,799	(24,169)	11,630
Other social housing activities:						
Management services	-	(2,663)	(2,663)	2,224	(2,818)	(594)
Supporting People contract income	3,092	(2,427)	665	2,952	(2,045)	907
First tranche shared ownership sales	5,149	(4,672)	477	3,747	(3,150)	597
Forest Gate Private Finance Initiative	15,851	(15,230)	621	2,614	(1,800)	814
Swan commercial services	-	-	-	5,760	(5,647)	113
Other	278	(1,114)	(836)	138	(391)	(253)
Development costs	52	(7)	45	-	(163)	(163)
	24,422	(26,113)	(1,691)	17,435	(16,014)	1,421
Non-social housing activities						
Market rent lettings	367	(381)	(14)	495	(226)	269
Commercial lettings	58	-	58	87	-	87
	425	(381)	44	582	(226)	356
	66,259	(53,016)	13,243	53,816	(40,409)	13,407

Association

	Turnover £'000	2010 Operating costs £'000	Surplus/ (deficit) £'000	Turnover £'000	2009 Operating costs £'000	Surplus/ (deficit) £'000
Income and expenditure:						
From social housing lettings	25,108	(11,917)	13,191	20,981	(10,714)	10,267
Other social housing activities:						
Group management services	11,678	(15,339)	(3,661)	12,091	(13,391)	(1,300)
First tranche shared ownership sales	5,149	(4,672)	477	3,747	(3,149)	598
Forest Gate Private Finance Initiative	15,851	(15,230)	621	2,614	(1,800)	814
Other	1,283	-	1,283	809	-	809
Development costs	-	(7)	(7)	-	(156)	(156)
	33,961	(35,248)	(1,287)	19,261	(18,496)	765
Non-social housing activities						
Market rent lettings	-	-	-	2	-	2
Commercial lettings	58	-	58	69	-	69
	58	-	58	71	-	71
	59,127	(47,165)	11,962	40,313	(29,210)	11,103

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	Total 2010 £'000	Total 2009 £'000
Rent receivable net of identifiable service charges 29,358		24,951	1,425	5,893	881	33,150
Service Income	6,754	1,125	-	-	7,879	5,781
Net rental income	31,705	2,550	5,893	881	41,029	35,139
Other revenue grants	-	-	-	-	-	-
Lease income	55	123	205	-	383	660
Turnover from social housing lettings	31,760	2,673	6,098	881	41,412	35,799
Management Services	(10,011) (4,034)	(578) (1,039)	(582) (1,203)	(87) (180)	(11,258) (6,456)	(10,982) (4,456)
Routine maintenance	(2,238)	(114)	(563)	(84)	(2,999)	(4,740)
Planned maintenance	(1,185)	(4)	(527)	(79)	(1,795)	(318)
Bad debts	(266)	12	(53)	(8)	(315)	(102)
Care & Support services	-	-	-	-	-	-
Property lease charges	(105)	(51)	(48)	(7)	(211)	(287)
Depreciation of housing properties	(2,430)	(376)	(593)	(89)	(3,488)	(3,284)
Operating costs on social housing lettings	(20,269)	(2,150)	(3,569)	(534)	(26,522)	(24,169)
Operating surplus on social housing lettings	11,491	523	2,529	347	14,890	11,630
Void losses	(1,309)	(22)	(632)	(95)	(2,058)	(1,252)

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

Association	General needs housing £'000	NHS Trust keyworker accomm £'000	Shared ownership £'000	Total 2010 £'000	Total 2009 £'000
Rent receivable net of identifiable service charges	12,905	5,893	881	19,679	16,676
Service income	5,224	-	-	5,224	3,939
Net rental income	18,129	5,893	881	24,903	20,615
Revenue grant	-	-	-	-	-
Lease income	-	205	-	205	366
Turnover from social housing lettings	18,129	6,098	881	25,108	20,981
Management	(1,275)	(582)	(87)	(1,944)	(2,195)
Services	(2,634)	(1,203)	(180)	(4,017)	(2,842)
Routine maintenance	(1,232)	(563)	(84)	(1,879)	(3,572)
Planned maintenance	(1,154)	(527)	(79)	(1,760)	47
Property lease charges	(105)	(48)	(7)	(160)	(242)
Bad debts	(117)	(53)	(8)	(178)	(137)
Depreciation of housing properties	(1,297)	(593)	(89)	(1,979)	(1,773)
Operating costs on social housing lettings	(7,814)	(3,569)	(534)	(11,917)	(10,714)
Operating surplus on social housing lettings	10,315	2,529	347	13,191	10,267
Void losses	(1,385)	(632)	(95)	(2,112)	(1,144)

4. Remuneration of officers and senior executives

	Group and Association 2010 £'000	2009 £'000
The aggregate amount of senior executive emoluments for the year (excluding pension contributions and taxable benefits)	1,100	1,129
Remuneration of the highest paid senior executive (Chief Executive) excluding pension contributions	371	165

The Chief Executive is an ordinary member of the Social Housing Pension Scheme described in note 23. Included is a payment of £200,000 in respect of a one-off payment to the Chief Executive John Synnuck to cancel a contractual entitlement relating to pension arrangements. The Board believes that the revised arrangement saves the Group £275,000.

Parent board members received remuneration of £74,699 (2009: £72,630). Total expenses reimbursed to Board Members were £5,577 (2009: £1,055).

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 2010 FTE's	2010 No.	Group and Association 2009 FTE's	2009 No.
Administration staff	255	278	241	257
Maintenance	12	12	11	11
Caretakers, cleaners and wardens	28	29	21	22
	295	319	273	290

The aggregate payroll cost of these persons was as follows:

	Group and Association 2010 £'000	2009 £'000
Wages and salaries	9,393	8,076
Social security costs	996	713
Other pension costs	700	656
	11,089	9,445

6. Sale of properties

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Disposal proceeds	1,284	4,733	1,284	4,393
Carrying value of fixed assets	(1,306)	(4,026)	(1,306)	(3,601)
	(22)	707	(22)	792

7. Interest receivable

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Bank interest receivable	82	167	55	148
Interest charge on inter-group on lending	-	-	2,285	2,752
	82	167	2,340	2,900

8. Interest payable and similar charges

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Bank loans	15,768	19,264	15,731	18,936
Other bank charges	575	369	535	321
Finance lease charges	215	206	-	-
	16,558	19,839	16,266	19,267
Less: interest capitalised	(2,823)	(5,179)	(2,716)	(5,161)
	13,735	14,660	13,550	14,096

9. Deficit for the year

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
The deficit for the year is stated after charging/(crediting):				
Auditors' remuneration on audit services:				
- Audit of parent	39	30	39	30
- Audit of subsidiaries pursuant to legislation	25	29	25	29
- Other services – service charges	28	22	28	22
- Other services – capital	-	19	-	19
Depreciation on housing properties	2,827	3,284	1,979	1,773
Depreciation on other fixed assets	574	858	574	849
Forest Gate Private Finance Initiative	(621)	(814)	(621)	(814)
Group management fees from other group undertakings (note 24)	-	-	(12,998)	(10,572)

10. Taxation

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Tax charge/(credit) on deficit on ordinary activities				
Current tax:				
Arising from earlier periods	-	-	-	-
Current year movements	-	-	-	-
Deferred tax:				
Arising from earlier periods	-	-	-	-
Current year movements	-	-	-	-
Tax charge on deficit on ordinary activities	-	-	-	-
Tax reconciliation				
(Deficit)/surplus on ordinary activities before tax	(432)	(379)	730	699
(Deficit)/surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	121	106	(204)	(210)
Charitable tax exemption	(121)	(106)	204	210
Total current tax charge for current year	-	-	-	-

There are no unprovided deferred tax assets or liabilities

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 2009	320,615	28,851	70,719	554	96,751	517,490
Additions at cost	2,218	-	-	-	36,958	39,176
Disposals	(364)	(5,223)	-	-	-	(5,587)
Completions	29,976	4,708	572	-	(35,255)	-
Transfer	(3,025)	-	-	3,025	-	-
Revaluation during the year	30,308	(130)	-	113	-	(30,291)
Cost at 31 March 2010	379,728	28,206	71,291	3,692	98,454	581,370
Depreciation/Amortisation:						
At 1 April 2009	-	-	(3,021)	-	-	(3,021)
Depreciation charge for year	(1,991)	(181)	(593)	(61)	-	(2,826)
Disposals	-	-	-	-	-	-
Transfers	448	-	-	(448)	-	-
Revaluation during the year	1,543	181	-	-	-	1,724
Balance at 31 March 2010	-	-	(3,614)	(509)	-	(4,123)
Social housing grant:						
At 1 April 2009	-	-	(10,834)	-	(38,987)	(49,821)
Received during year	(17,130)	(45)	-	-	(29,524)	(46,699)
Completions	(6,403)	(1,703)	2,976	-	5,130	-
Disposals	-	-	-	-	-	-
Revaluation during the year	23,533	1,748	-	-	-	25,281
At 31 March 2010	-	-	(7,858)	-	(63,381)	(71,239)
Other public sector grants:						
Balance at 1 April 2009	-	-	(38)	-	(13,368)	(13,406)
Received during year	(4,389)	31	(4,300)	-	666	(7,992)
Completions	(5,464)	(2,221)	-	-	7,685	-
Disposals	-	-	-	-	-	-
Revaluation during the year	9,853	2,190	-	-	-	12,043
At 31 March 2010	-	-	(4,338)	-	(5,017)	(9,355)
Net book value:						
At 31 March 2010	379,728	28,206	55,481	3,183	30,056	496,653
At 31 March 2009	320,615	28,851	56,826	554	44,396	451,242
Cost or valuation at 31 March 2010 is represented by:						
Gross cost	458,462	5,476	71,291	3,168	98,454	636,850
Less: depreciation	(13,456)	(640)	(3,614)	(526)	-	(18,236)
Less: social housing grant	(146,248)	(7,673)	(7,858)	-	(63,381)	(225,160)
Less: other public sector grant	(73,156)	(5,854)	(4,338)	-	(5,017)	(88,365)
Revaluation reserve	225,602	(8,691)	55,481	2,642	30,056	305,089
	154,126	36,897	-	541	-	191,564
	379,728	28,206	55,481	3,183	30,056	496,653

11. Tangible fixed assets – properties (continued)

α) Housing properties: Association

	General/ special needs £'000	Completed shared ownership housing properties £'000	Completed NHS keyworker £'000	Under constr. £'000	Total £'000
Cost or valuation:					
At 1 April 2009	169,880	22,810	70,719	96,751	360,160
Additions	1,900	-	-	28,524	30,424
Disposals	(364)	(5,223)	-	-	(5,587)
Completions	29,975	4,708	572	(35,255)	-
Valuation adjustment	4,147	503	-	-	4,650
Cost at 31 March 2010	205,538	22,798	71,291	90,020	389,647
Depreciation:					
At 1 April 2009	-	-	(3,021)	-	(3,021)
Disposals	-	-	-	-	-
Charge for year	(985)	(170)	(593)	-	(1,748)
Valuation adjustment	985	170	-	-	1,155
At 31 March 2010	-	-	(3,614)	-	(3,614)
Social housing grant:					
At 1 April 2009	-	(10,834)	(38,987)	(49,821)	-
Received during year	(17,130)	(45)	-	(29,524)	(46,699)
Disposals	-	-	-	-	-
Completions	(6,403)	(1,703)	2,976	5,130	-
Valuation adjustment	23,533	1,748	-	-	25,281
At 31 March 2010	-	-	(7,858)	(63,381)	(71,239)
Other public sector grants:					
At 1 April 2009	-	-	(38)	(13,368)	(13,406)
Received during year	(4,389)	31	(4,300)	666	(7,992)
Disposals	-	-	-	-	-
Completions	(5,464)	(2,221)	-	7,685	-
Valuation adjustment	9,853	2,190	-	-	12,043
At 31 March 2010	-	-	(4,338)	(5,017)	(9,355)
Net book value:					
At 31 March 2010	205,538	22,798	55,481	21,622	305,439
At 31 March 2009	169,880	22,810	56,826	44,396	293,912
Cost or valuation at 31 March 2010 is represented by:					
Gross cost	304,936	3,051	71,291	90,020	469,298
Less: depreciation	(6,468)	(384)	(3,614)	-	(10,466)
Less: social housing grant	(116,512)	(7,384)	(7,858)	(63,381)	(195,135)
Less: other public sector grant	(31,801)	(5,854)	(4,338)	(5,017)	(47,010)
Revaluation reserve	150,155	(10,571)	55,481	21,622	216,687
	55,383	33,369	-	-	88,752
	205,538	22,798	55,481	21,622	305,439

11. Tangible fixed assets – properties (continued)

a) Housing properties

The Association has received Social Housing Grant from the HCA and other local authorities.

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 the HCA.

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: £2.2m, Association: £2.2m, (2009 Group: £2.8m, Association: £2.8m) and interest capitalised of Group: £2.8m, Association: £2.7m (2009 Group: £5.2m, Association: £5.2m). The interest capitalisation was calculated using the Group's average cost of floating rate borrowing each month. The average rate during the year was 4.08%.

The maintenance and repair expenditure on housing properties for the Group is £6.7m, Association £4.8m (2009 Group: £6.3m, Association: £4.7m). £1.9m of this expenditure is capitalised. (2009: £1.7m)

All completed housing stock of the Group was valued as at 31 March 2010, on the basis of Existing Use Value for Social Housing (EUV-SH) for accounts purposes at Group: £521m, Swan: £336m. 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 2009	3,564	2,470	1,045	7,079
Additions	6	315	319	640
At 31 March 2010	3,570	2,785	1,364	7,719
Depreciation				
At 1 April 2009	(415)	(1,484)	(632)	(2,531)
Charged for the year	(61)	(318)	(195)	(574)
At 31 March 2010	(476)	(1,802)	(827)	(3,105)
Net Book Value				
At 31 March 2010	3,094	983	537	4,614
At 31 March 2009	3,149	986	413	4,548

b) Other fixed assets: Association

	Freehold offices & temporary buildings £ '000	Computer equipment £ '000	Office equipment and fittings £ '000	Total £ '000
Cost				
At 1 April 2009	3,351	2,470	1,028	6,849
Additions	6	315	227	548
At 31 March 2010	3,357	2,785	1,255	6,727
Depreciation				
At 1 April 2009	(355)	(1,484)	(620)	(2,459)
Charged for the year	(61)	(319)	(195)	(575)
At 31 March 2010	(416)	(1,803)	(815)	(3,034)
Net book value				
At 31 March 2010	2,941	982	440	4,363
At 31 March 2009	2,996	986	408	4,390

11. Investments

c) Association

	Inter-association on-lending £ '000
At 1 April 2009	56,953
Advance to Group member	5,675
At 31 March 2010	62,628

Direct holdings

Swan (Essex) HA Limited
 Swan (London) HA Limited
 Swan New Homes Limited
 Swan Commercial Services Limited

Activity

Provision of homes to rent
 Provision of homes to rent
 Build of new homes
 Design and build contractor

Country of registration

Great Britain
 Great Britain
 Great Britain
 Great Britain

Indirect holdings

Pike Housing Services Limited

Property letting

Great Britain

12. Properties for sale

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Shared ownership properties				
Properties under construction	28,002	41,992	28,002	41,852
	28,002	41,992	28,002	41,852

13. Debtors

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Gross arrears of rent and service charges	2,451	3,174	1,449	1,650
Less: provision for bad and doubtful debts	(1,262)	(1,816)	(663)	(838)
Net arrears of rent and service charges	1,189	1,358	786	812
Other debtors	1,629	2,112	2,495	684
Other prepayments and accrued income	3,359	3,819	5,092	3,662
Other prepayments and accrued income – PFI	16,148	3,507	16,148	3,507
Amounts owed by Group undertakings	-	-	7,886	9,288
	22,325	10,796	32,407	17,953

14. Creditors: amounts falling due within one year

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Trade creditors	1,755	2,012	1,189	1,723
Bank overdraft	116	-	-	-
Capital creditors	125	1,822	125	1,822
Other creditors	13,198	9,782	9,671	7,280
Rental income received in advance	598	496	357	91
Amounts owed to Group undertakings	-	-	1,877	323
Grants payable on disposal	932	630	-	630
Amounts owed to HCA	-	3,908	-	-
Accruals and deferred income	15,394	-	-	-
Interest payable	2,127	1,101	1,886	882
PFI creditors	272	-	272	-
Corporation tax	-	-	-	-
Disposal proceeds fund	778	-	778	-
	35,295	19,751	16,155	12,751

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

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Housing loans	379,127	384,535	379,127	384,535
Finance leases	3,024	3,024	-	-
PFI loan	17,858	-	17,858	-
	400,009	387,559	396,985	384,535
Housing loans, not repayable by instalments:				
Falling due for repayment after five years	381,500	387,000	381,500	387,000
Less: issue costs	(2,373)	(2,465)	(2,373)	(2,465)
	379,127	384,535	379,127	384,535

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, and are repayable at variable and fixed rates of interest between 1.65% and 6.29%.

Finance leases	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Market rented properties	3,024	3,024	-	-
PFI loan	17,858	-	17,858	-

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 entering into a back to back lease with Pike Housing Services. 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

	2010	2009
Outstanding at 1 April 2009	10	16
Allocated during the year	2	-
Resigned during the year	-	(6)
Shares of £1 each allotted, issued and full paid	12	10

The shares have limited rights. They carry no entitlement to a dividend, 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. When shares are cancelled, the amount paid up becomes the property of the Association.

17. Reserves – Group

	Income & expenditure account £ '000	Revaluation reserve £ '000	Designated reserve £ '000	Total £ '000
As at 1 April 2009	10,398	109,329	542	120,269
Revaluation surplus in year – housing properties	-	26,147	-	26,147
Deficit for year	(432)	-	-	(432)
Realisation of revaluation surplus on properties sold in the year	230	(230)	-	-
Transfer to designated reserve	(35)	-	35	-
Transfer of depreciation relating to revaluation	672	(672)	-	-
As at 31 March 2010	10,833	134,574	577	145,984

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 2009	4,819	30,832	35,651
Revaluation surplus in year – housing properties	-	2,024	2,024
Surplus for year	730	-	730
Transfer of surplus on sale of property	182	(182)	-
Transfer of depreciation relating to revaluation	230	(230)	-
As at 31 March 2010	5,961	32,444	38,405

18. Commitments

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

	Group		Association	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '000
Contracted but not provided	181,420	72,915	156,291	72,915
Authorised but not contracted	208,990	359,149	119,416	199,804

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	
	2010 £ '000	2009 £ '000	2010 £ '000	2009 £ '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 2010 the Group's housing stock comprised:

	Group		Group	
	Owned number of units 2010	2009	Managed number of units 2010	2009
Social housing:				
General needs	5,608	5,495	-	1
Shared ownership	529	489	-	-
Sheltered (elderly)	81	30	-	-
Other supported housing	441	509	7	13
NHS keyworker accommodation	1,361	1,420	12	12
Supported housing (floating support)	-	-	-	-
Temporary social housing	-	-	-	-
London Borough of Newham	-	-	1,348	1,348
Total social housing	8,020	7,943	1,367	1,374
Non-social housing:				
Market rented	33	55	-	-
Garages	427	427	198	198
Sold to leaseholder with retained freehold	682	680	-	-
Total Housing Stock	9,162	9,105	1,565	1,572

20. Analysis of completed property units – Association

	Association		Association	
	Owned number of units 2010	2009	Managed number of units 2010	2009
Social housing:				
General needs	3,043	2,965	-	1
Leased to subsidiary undertaking – market rented	360	341	-	-
Shared ownership	365	327	-	-
NHS keyworker accommodation	1,361	1,420	12	12
Temporary social housing	-	-	-	-
London Borough of Newham	-	-	1,348	1,348
Total owned and managed housing stock	5,129	5,053	1,360	1,361

21. 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. Effective 1 April 2010, the new regime at the TSA commenced and the term Registered Social Landlord has been superseded by Registered Provider.

22. 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 one director, the terms and interest rate is the same as that available to staff.

23. Pensions

The Association participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The 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. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

During the accounting period the Association paid contributions at the rate of 14.1% (2009 – 14.1%). Member contributions vary between 6.4% and 8.4% (2009 – 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 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 the 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 Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2009. Such a report is required by legislation for years in which a full actuarial report is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,723 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £738 million, equivalent to a past service funding level of 70%.

Financial assumptions

The financial assumptions underlying the valuation were as follows:

	% pa
Pre-retirement	7.8
Non Pensioner Post Retirement	6.2
Pensioner Post Retirement	5.6
Pensionable Earnings Growth	4.7
Price Inflation	3.2

Pension increases:

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

Valuation results

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 past service funding level of 69.7%.

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

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, with effect from 1 April 2010:

- i) The standard employer contribution rate will be increased from 14.1% to 17.8% of pensionable salaries.
- ii) Member contributions will also be increased by from 6.4%-8.4% to 8.1%-10.1% of pensionable salaries depending on age.

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.

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

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:

	2010 £'000	2009 £'000
Amount allocated:		
Swan (Essex)		
Housing Association	9,293	7,062
Pike Housing Services Limited	50	135
Swan (London)		
Housing Association	3,545	3,275
Swan Commercial Services	94	20
Swan New Homes	16	80
	12,998	10,572

Under the Group loan facility Swan draws down the loans and on-lends to the other Associations in the Group. At 31 March 2010, Swan had provided term finance of £37.4m to Swan (Essex) Housing Association, £23.1m to Swan (London) Housing Association and £1.7m to Swan New Homes Limited.

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.

SHPS pension

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from SHPS based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Swan Housing Association was £13.5m.

26. Creditor payment days

The average number of days between receipt and payment of purchase invoices in 2010 was 32 days (2009: 33 Days).

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