Space New Living Limited

Financial Statements
For the Year Ended 31 March 2007

Space New Living Limited

Financial Statements
For the Year Ended 31 March 2007

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Company Information
For the Year Ended 31 March 2007

Registered:
Industrial and Provident Societies Act 1965
Date of Registration: 18 October 1976
Registration Number: 21767R

The Housing Act 1996
Date of Registration: 18 October 1976
Registered by the Housing Corporation: L2156

Secretary and Registered Office:
Stephen Reuben
Southern Gate
729 Princess Road
Didsbury
Manchester M20 2LT

Board of Management:
B Harris (Chair)
M Faulkner - co-opted (Sept 2006)
E Bignell – resigned (Sept 2006)
S Evans
P Forsyth
R F G Gardner OBE
M Jepson
P Jones
R Kirkwood
D Reid (nee Exley)
S Reuben
K Rourke
P Roche (Vice Chair)

Directors:
S Reuben (Managing Director)
S Goodman (Director of Customer Services)

Auditors:
BDO Stoy Hayward LLP
Commercial Buildings
11 – 15 Cross Street
Manchester
M2 1WE

Principal Solicitors:
Howarth Goodman
8 King Street
Manchester
M60 8HG

Cobbetts LLP
Ship Canal House
King Street
Manchester
M2 4WB

Croftons
Television House
Mount Street
Manchester
M2 5FA

Principal Bankers:
The Royal Bank of Scotland PLC
Salford Shopping Centre Branch
115 Mather Way
Salford
M6 5EH

Barclays Bank
PO Box 3333
15 Colmore Row
Birmingham
B3 2BY

Cheshire Building Society
Castle Street
Macclesfield
Cheshire
SK11 6AF

Report of the Board of Management for the Year Ended 31 March 2007

The Board of Management is pleased to present its annual report and the audited financial statements for the year ended 31 March 2007.

Legal Status

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Housing Corporation as a Registered Social Landlord as defined by the Housing Act 1996.

Principal Activities

Space New Living Limited is a non-profit making charitable organisation that provides affordable quality homes and housing services. The company trades as 'Space'.

Corporate Governance and the role of the Board

The rules governing the operations of the Association comprise the Model Rules 1998 formulated by the National Housing Federation (NHF). Space also complies with the NHF Code of Governance (revised and reissued May 2004).

Board members are drawn from a wide background and are selected to ensure they bring relevant experience, skills, diversity and understanding to the discussions and decision making process of the Board.

The Board meets formally at least 6 times a year for regular business including approval of the annual budget and business plan. Internal and external audit issues are addressed by the Group Audit Committee, together with all matters affecting internal controls assurance. An annual review of Space's governance arrangements has been completed during the year.

Directors

The Directors of the Association comprise the members of the Board of Management together with the Managing Director and Director of Customer Services. Details of the Members of the Board of Management, Managing Director and Director of Customer Services at 31 March 2007 are set out on page 1.

Statement of the Board on Internal Controls Assurance

Areas of responsibility

The Board acknowledges that it has overall responsibility for establishing, maintaining and monitoring the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all the activities of Space New Living Ltd and any subsidiaries.

The Board recognises that no systems of internal control will provide absolute assurance and/or eliminate risk. The systems of internal control are designed to manage risk and provide reasonable assurance that business plan objectives will be achieved; that key performance indicators will be met; and expected process outcomes met. Our control systems also give reasonable assurance relating to the preparation and reliability of financial/operational information, and the safeguarding of the organisation's assets and interests.

In meeting these responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the governance and management culture of Space.

This approach includes an annual review of the nature and extent of the risks facing the Organisation and is consistent with the principles of Turnbull, as set out in Housing Corporation Circular R2-25/01: Internal Controls Assurance.

Report of the Board of Management
For the Year Ended 31 March 2007 (Continued)

Processes used to review the effectiveness of the system of internal control

The principal processes by which the Board reviews the effectiveness of internal controls are as follows:

Great Places Housing Group

On 1st January 2007, Space New Living Limited joined the Great Places Housing Group as a subsidiary. The relationship between Space and Great Places is governed by an inter group agreement and services from central services such as Finance, HR and IT are provided by the Group under service level agreements. As such the systems of internal control have been subject to considerable change during the year as roles changed and responsibilities moved from Space to the Group. The process has gone smoothly and systems of internal control have been effectively maintained during the year.

Group Audit Committee

The Group Audit Committee is responsible for making recommendations to the Board on the effectiveness of internal controls and management systems. It fulfils this role by reviewing the Internal and External Audit services and reviewing progress with risk management and management's progress in addressing control weaknesses. It considers the Managing Director's report on internal control, recommending it for approval by the Board. The Group Audit Committee Chair reports to the Board on the Committee's work.

Internal Audit

Internal Audit provides the Board with an annual Summary Report on internal control, based upon its audits of both financial and non-financial systems in the year. Recent audits have reviewed key internal control areas such as arrears and rent collection, asset management, repairs ordering and voids, in addition to a rigorous follow up process.

In the latter part of 2006/7, financial systems audits were conducted in conjunction with internal audit work for the Great Places Group to ensure the maximum opportunity was taken to establish consistency between the two sets of systems in anticipation of bringing them together in April 2007.

From April 2007, new group wide internal auditors, Mazars were appointed following a comprehensive selection process that followed the EU procurement regime. Mazars are now in the process of undertaking their Audit Needs Analysis exercise, drawing on the perceptions of the control environment of a cross-section of the Group's managers, including the Executive Team, which will then inform a new Internal Audit Plan. This plan will be presented to the Group Audit Committee in July 2007.

Business Review and Risk Management

The Executive Business Review meeting ensures that Space is focused on its business objectives, working to agreed targets and budgets, and responsive to customer, staff and stakeholder requirements. To fulfil this function, it commissions reports from all business areas.

The risk management process continually reviews the risks to the achievement of Space's goals and objectives. Through regular updates to the Business Review meeting and Group Audit Committee, it provides an assessment of the effectiveness of existing controls and the requirement and plans for strengthened controls.

During 2006/7 a risk based quality control process was firmly established to further enhance the internal control framework within Space.

Report of the Board of Management
For the Year Ended 31 March 2007 (Continued)

Main policies designed to provide internal control

Space employs a comprehensive range of policies to support effective internal control.

Delegated authority policies

The Board retains responsibility for defining and ensuring compliance with organisational objectives and values, establishing policies and plans to achieve the objectives, approving the budget and financial accounts, new initiatives, diversification and regulation.

Space's governance framework, including the Board's Constitution, has been reviewed and revised in 2004, making use of the National Housing Federation's Code of Governance, *Competence and Accountability*. The framework sets out the focus of authority through terms of reference for Committees and Executive groups and financial regulations.

The Managing Director has considered, with the senior team, the assurance framework in relation to the internal control activities for which they are responsible and a report by the Managing Director has been considered and reviewed by the Group Audit Committee on behalf of the Board.

Risk management

Space operates an inclusive process for risk identification, drawing upon the knowledge and ideas of staff from across the organisation. Responsibility for the evaluation and control of risk is clearly defined.

New initiatives can present heightened or unpredictable levels of risk. To cater for these activities, Space operates a Risk Appraisal Panel, which considers all new business developments and non-development expenditure over £5,000.

The arrangements for reporting risk to the Board are set out above.

Financial planning, accounting and reporting

The Board receives regular financial management reports, incorporating progress against the annual budgets, explanation of variances and corrective action taken. Revised forecasts are presented to the Board for approval.

Space's accounts are prepared by competent and experienced finance staff, employed by the Great Places Group from 1st January 2007, providing services under a robust service level agreement, and utilising clear accounting policies.

Budget holders receive monthly budget reports and participate in meetings with finance staff to review financial performance and project future outturn.

Performance monitoring and reporting

The Board receives regular performance monitoring reports, identifying actual and projected performance against key targets. More detailed supporting information is provided where performance on high-level indicators is not in line with targets.

Business Review considers the full corporate scorecard monthly, identifying performance trends and initiating corrective action where necessary. In addition, managers and staff review performance for arrears, voids, lettings and repairs regularly, with information provided on a weekly basis through the "Infominer" system.

Report of the Board of Management
For the Year Ended 31 March 2007 (Continued)

Internal Audit

Each audit results in an action plan aimed at addressing control weaknesses and/or opportunities for adopting best practice. At each visit, the auditors also complete a review of the progress made in implementing the recommendations agreed in previous audits.

Reviews by third parties

Space welcomes reviews from third parties such as external audit, the Housing Corporation, the Audit Commission's Housing Inspectorate and Chartermark/ISO assessors. These external reviews help Space to identify best practice, as well as control weaknesses. Action plans arising from these reviews feature clear responsibility and timescales for implementation, and progress is monitored by Business Review and the Audit Committee.

During 2006/7 Space received its first comparative information through the Housemark benchmarking system. This information is being analysed to establish areas of good and less good practise.

Conclusion

The Board has been assured by the Audit Committee that it has received a report from the Managing Director regarding internal controls and that the Committee has conducted its own review of the effectiveness of the systems currently in place.

During the year a fraud was discovered resulting in the loss of £796.50. The Company's fraud policy was followed, Police were informed who carried out a full investigation and the Housing Corporation was also informed. Policy and procedures have since been reviewed and have been checked by both the internal and external auditors.

The Board confirms that it is satisfied there are on-going processes in place to identify, evaluate, control and manage any significant risks faced by the organisation. These processes have been in place throughout the year under review, up to the date of the annual report and accounts, and they are regularly reviewed by the Board.

Statement of board responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 and housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and the group, and of the surplus or deficit for that period. In preparing the financial statements the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group or group will continue in business.

The board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the association and the group, and to enable it to ensure that the financial statements comply with the Industrial and Provident Societies 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and the group and to prevent and detect fraud and other irregularities.

Report of the Board of Management
For the Year Ended 31 March 2007 (Continued)

Political and Charitable Donations

During the year Space contributed £4,330 (2006 : £1,752) to local charities and community groups.

Employees

Employees are kept informed on matters affecting them and are made aware of the general financial and economic factors influencing the company. The company operates an open transparent approach to employee communication through a communication strategy, which includes regular briefings, presentations and consultations.

The Association is an equal opportunities employer and applications from all persons are fully and fairly considered, having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that employment continues and appropriate training is given. Career development and promotion of disabled people is, as far as possible, identical to that of other employees.

Equal Opportunities and Diversity

The Association is committed to providing equal opportunities to staff, and potential and existing tenants. Space's policies reflect the value it places on diversity in all aspects of its work.

Annual General Meeting

The Annual General Meeting will be held on 6th September 2007.

Auditors

Space New Living Limited joined the Great Places Housing Group on 1st January 2007. Consequently, at the Annual General Meeting the Group's auditors, Beevers & Struthers will be proposed as the company's auditors.

Stephen Reuben
Secretary
July 2007

Independent Auditor's Report to the members of Space New Living Limited

We have audited the financial statements of Space New Living Limited for the year ended 31 March 2007 which comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Board and auditors

As described in the Statement of Board Responsibilities the Association's Board is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, a satisfactory system of control over transactions has not been maintained, if the Association has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Board and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of Schedule 1 paragraph 16 to the Housing Act 1996 and Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the above statutes or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments 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.

Report of the Independent Auditors to the Members of Space New Living Limited (continued)

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2007 and of the results for the year then ended; and

- The financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Commercial Buildings
11-15 Cross Street
Manchester
M2 1WE

Date: 30 July 2007

Income and Expenditure Account
For the Year Ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Turnover	3	**8,874**	**8,415**
Operating Costs	3	(6,717)	(6,279)
Operating Surplus		**2,157**	**2,136**
Surplus on sale of fixed assets	5	522	371
Interest receivable	6	90	69
Interest payable	7	(2,186)	(2,137)
Surplus on ordinary activities before taxation	8	**583**	**439**
Taxation on surplus on ordinary activities	9	-	-
Surplus on ordinary activities for the year	20	**583**	**439**

All recognised gains and losses are included in this statement.

All amounts relate to continued activities.

The above surpluses are the historical cost surpluses.

The notes on pages 13 to 34 form an integral part of these financial statements.

Balance Sheet as at 31 March 2007

	Notes	2007 £'000	2006 £'000
Tangible Fixed Assets			
Housing properties at Cost	13	128,402	123,268
Less: Social Housing Grant	13	(70,768)	(68,939)
Less: Depreciation	13	(2,987)	(2,463)
Other fixed assets - Cost	13	701	904
Less: Depreciation	13	(400)	(504)
		54,948	**52,266**
Current Assets			
Debtors – amounts due within one year	14	725	1,102
Debtors – amounts due after one year	14a	555	633
Cash at bank and in hand		791	2,650
		2,071	**4,385**
Less Creditors: Amounts falling due within one year	15	(2,682)	(4,065)
Net Current (Liabilities)/Assets		**(611)**	**320**
Total Assets Less Current Liabilities		**54,337**	**52,586**
Creditors: Amounts falling due after more than one year	16	41,339	40,171
Capital and Reserves			
Non-equity Share capital	18	-	-
Designated reserves	19	3,025	3,025
Revenue reserves	20	9,973	9,390
Total Funds		12,998	12,415
		54,337	**52,586**

The notes on pages 13 to 34 form an integral part of these financial statements.

The financial statements were approved for issue by the Board of Management on 21 June 2007 and were signed on its behalf by:

Board Member:...R.E. Gardner...........

Board Member:..............................

Secretary:......S. Reuben............ **S Reuben**

Cash Flow Statement
For the year ended 31 March 2007

	Notes	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Net cash inflow from operating activities	i		3,812		2,024
Returns on investments and servicing of finance:					
Interest received		90		69	
Interest paid		(2,220)		(2,216)	
Net cash outflow from returns on investments and servicing finance			(2,130)		(2,147)
			1,682		(123)
Taxation:					
Tax paid			-		-
Capital Expenditure and Financial Investment:					
Acquisition and construction of housing properties		(6,313)		(6,693)	
Social Housing and other grants received		298		2,898	
Purchase of other fixed assets		(72)		-	
Sale of housing properties		1,757		2,174	
Net cash outflow from capital expenditure and financial investment			(4,330)		(1,621)
Net cash outflow before management of liquid resources and financing	iii		(2,648)		(1,744)
Financing:					
Housing loans received		1,000		1,308	
Housing loans repaid		(211)		(162)	
Issue costs incurred		-		-	
Net cash inflow from financing			789		1,146
Decrease in cash	ii		**(1,859)**		**(598)**

Notes to the Cash Flow Statement
for the year ended 31 March 2007

	2007	2006
	£'000	£'000
i. Reconciliation of operating surplus to net cash flow from operating activities		
Operating surplus	2,157	2,136
Depreciation charges	717	659
Amortisation charge	21	18
Issue costs incurred	(84)	(38)
Capitalised development cost	(140)	(250)
Decrease in debtors	453	191
Increase/(decrease) in creditors	688	(692)
Net cash inflow from operating activities	**3,812**	**2,024**

	2007	2006
	£'000	£'000
ii. Reconciliation of net cashflow to movement in net debt		
Decrease in cash in the period	(1,859)	(598)
Loan repaid	211	162
Loan received	(1,000)	(1,308)
Changes in net debt	(2,648)	(1,744)
Net debt at 1 April	(37,388)	(35,644)
Net debt at 31 March	**(40,036)**	**(37,388)**

iii. Analysis of changes in net debt	At 31 March 2006	Cash Flows	Other Changes	At 31 March 2007
	£'000	£'000	£'000	£'000
Cash in hand and at bank	2,650	(1,859)	-	791
Debt due within one year	(134)	-	(10)	(144)
Debt due after one year	(39,904)	(789)	10	(40,683)
Net debt at 31 March	**(37,388)**	**(2,648)**	**-**	**(40,036)**

Notes to the Financial Statements
For the Year Ended 31 March 2007

1 Legal Status

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is also registered with the Housing Corporation as a Registered Social Landlord as defined by the Housing Act 1996 (as amended by the Housing Act 2004).

2 Principal Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and in accordance with applicable Accounting Standards and Statements of Recommended Practice. The financial statements comply with the Housing Act 1996 (as amended by the Housing Act 2004), the Accounting Requirements for Registered Social Landlords General Determination 2006 and the Statement of Recommended Practice : Accounting by registered social landlords Update 2005 (SORP). The financial statements are prepared on the historical cost basis of accounting. On 1st January 2007 Space New Living Limited joined the Great Places Housing Group as a subsidiary and therefore no group accounts are prepared.

Turnover

Turnover represents rent and service charge income receivable, revenue grants from the Housing Corporation, fees and other income.

Fixed Assets - Tangible

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

Housing Properties – New Build	1%
Housing Properties – Rehabilitation	2%
Freehold Office Building	1.67%
Leasehold Improvements	Over the term of the Lease
Motor Vehicles	25%
Office Furniture and Equipment	25%
Computer Equipment	25%

Housing Properties

Housing properties are principally properties available for rent and are stated at cost less Social Housing Grant and accumulated depreciation.

All properties are reviewed for impairment annually, and where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related capital grants.

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

Housing properties are transferred to completed properties when they are ready for letting.

2 Accounting Policies (Continued)

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

Social Housing Grant can be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the Social Housing Grant can be used for projects approved by the Housing Corporation. In certain circumstances, Social Housing Grant may be repayable, and in that event, is a subordinated unsecured repayable debt.

Social Housing Grant not yet expended in respect of housing properties in the course of construction is shown as a current liability.

Capitalisation of Interest and Administration Costs
Interest on the loan financing a development is capitalised up to the date of practical completion, based on the average cost of borrowing.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property to its intended use.

Pension Costs
The cost of providing retirement pensions and related benefits is charged to the income and expenditure account over the periods benefiting from the employees' services, with the pension cost being determined in accordance with advice from a professionally qualified independent actuary.

Improvements to Properties
The Association capitalises expenditure on housing properties which it classifies as improvements or enhancements, and which either increase the useful life of the property or reduce the ongoing running costs of the property. This may include expenditure required to ensure the property meets any requirements of revised legislation or regulations, provided it meets the above criteria. Like for like expenditure of a replacement nature is not capitalised.

Major Repairs Reserve
The Association has a designated reserve for future major repairs expenditure on all properties in so far as the major repairs expenditure does not attract grants from the Housing Corporation or Local Authorities.

Surpluses and Deficits on the Sale of Properties
Surpluses from properties developed for shared ownership and other property sales, are not included in Turnover and Cost of Sales, but are shown as a separate item after the operating surplus in the Income and Expenditure Account in accordance with Financial Reporting Standard 3. First tranche proceeds on shared ownership sales are deducted from housing property fixed assets in accordance with the SORP.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

2 Accounting Policies (Continued)

Properties Managed by Agents
Where the Association carries the financial risk on property managed by agents all the income and expenditure from the property is included in the Income and Expenditure Account.

Where the agency carries the financial risk, the income and expenditure account includes only the amounts receivable by the Association.

Leased Assets
Rentals payable in respect of operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

Loan Issue Costs
The cost of raising loan finance is initially capitalised and offset against the total of the loan and is written off in the Income and Expenditure account at a constant rate over the term of the loan.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

3 Turnover, Operating Costs and Operating Surplus

	2007		
	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000
Income and Expenditure from Social Housing Lettings			
Housing Accommodation	7,207	(5,966)	1,241
Supported Housing	482	(256)	226
Keyworker Accommodation	302	(270)	32
Shared Ownership Accommodation	109	(80)	29
	8,100	**(6,572)**	**1,528**
Other Social Housing Activities			
Supporting People Contract Income	54	-	54
Properties owned, but managed by other organisations	408	-	408
Maintenance/Development Consultancy Fees & Other income	117	-	117
Non-Social Housing Activities			
Market Rented	195	(145)	50
Total	**8,874**	**(6,717)**	**2,157**

	2006		
	Turnover	Operating Costs	Operating Surplus
Income and Expenditure from Social Housing Lettings			
Housing Accommodation	6,896	(5,612)	1,284
Supported Housing	355	(141)	214
Keyworker Accommodation	322	(316)	6
Shared Ownership Accommodation	108	(70)	38
	7,681	**(6,139)**	**1,542**
Other Social Housing Activities			
Supporting People Contract Income	65	-	65
Properties owned, but managed by other organisations	397	-	397
Maintenance/Development Consultancy Fees & Other Income	66	-	66
Non-Social Housing Activities			
Market Rented	206	(140)	66
Total	**8,415**	**(6,279)**	**2,136**

See note 4 for a detailed analysis of the income and expenditure from lettings.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

4 Income and Expenditure from lettings

	Housing Accomm-odation	Supported Housing	Keyworker	Shared Ownership	**Total 2007**	Total 2006
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents	6,913	396	302	109	**7,720**	**7,346**
Service Charges	294	86	-	-	**380**	**335**
Net rents from Lettings	7,207	482	302	109	**8,100**	**7, 681**
Grants receivable	-	-	-	-	-	-
Total Income from Lettings	**7,207**	**482**	**302**	**109**	**8,100**	**7,681**
Expenditure						
Services	336	63	118	1	**518**	**369**
Housing Management	2,319	57	66	-	**2,442**	**2,462**
Routine Maintenance	2,035	47	31	1	**2,114**	**2,040**
Major Repairs Expenditure	634	17	3	-	**654**	**596**
Rent losses from bad debts	205	-	-	-	**205**	**82**
Other costs	-	29	-	64	**93**	**85**
Depreciation – properties	437	43	52	14	**546**	**505**
Total Expenditure on Lettings	**5,966**	**256**	**270**	**80**	**6,572**	**6,139**
Operating Surplus on Letting Activities	**1,241**	**226**	**32**	**29**	**1,528**	**1,542**
Void Losses	92	3	84	-	**179**	**169**

5 Sale of Assets

	Shared Ownership			2007	2006
	Other Property £'000	First Tranche £'000	Second Tranche £'000	**Total £'000**	**Total £'000**
Sale proceeds	796	-	561	**1,357**	**2,126**
Less: Cost of sale	(517)	-	(318)	**(835)**	**(1,755)**
Surplus for the year	**279**	**-**	**243**	522	371

6 Interest Receivable

	2007 £'000	**2006 £'000**
Interest receivable from unlisted investments	54	26
Interest Receivable from subsidiary undertakings	36	43
	90	**69**

7 Interest Payable

	2007 £'000	2006 £'000
On bank loans, overdrafts and other loans:	2,333	2,259
Less: interest capitalised	(147)	(122)
Total	**2,186**	**2,137**

Capitalised interest is charged at rates of 2.3% (receivable) and 5.9% (payable).

8 Surplus on Ordinary Activities Before Taxation

	2007 £'000	2006 £'000
Surplus for the year is stated after charging:		
Depreciation and amortisation on fixed assets	717	659
Auditors' remuneration:		
In their capacity as auditors	18	16
In respect of other services	-	-

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

9 Taxation

	2007 £'000	2006 £'000
United Kingdom Corporation Tax at 20%	-	-

The Association is an exempt charity and no charge to tax arises on the results for the year.

10 Emoluments to Board Members, the Managing Director and Directors

	2007 £	2006 £
Emoluments of the Association's directors	258,217	305,418
Compensation for loss of office	70,000	-
Pension contributions	22,679	28,263
	350,896	333,681
Emoluments of the highest paid director		
Emoluments	47,579	73,372
Compensation for loss of office	70,000	-
Pension contributions	4,849	8,753
	122,438	82,125

There were four Director's contributing to the pension scheme during the year.

Board Members received no emoluments during the year (2006: £nil).

11 Staff numbers and costs

The average monthly number of employees (full-time equivalents) employed by the Association during the year are analysed as follows:-

	2007 Number	2006 Number
Office Staff	66	67
Wardens, Caretakers and Cleaners	8	8
	74	**75**

The aggregate payroll costs of these persons were as follows:-

	2007 £'000	2006 £'000
Wages and salaries	1,698	1,635
Social security costs	128	132
Other pension costs	122	124
	1,948	**1,891**

Staff costs and numbers referred to above relate to permanent staff employed by the Association, including wardens, but excludes staff costs and numbers employed by the voluntary organisations at hostels.

12 Pension Obligations

General

Space New Living Limited 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 scheme operated a single benefit structure, final salary 1/60th accrual rate, to March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Space New Living Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2007 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1st April 2007.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

12 Pension Obligations (Continued)

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Space New Living Limited paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age. As at the balance sheet date there were 25 active members of the Scheme employed by Space New Living Limited (2006: 43).

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,515 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £235 million, equivalent to a past service funding level of 87%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

12 Pension Obligations (Continued)

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% p.a.
Investment return pre retirement	7.2
Investment return post retirement	4.8
Rate of salary increases to 30 September 2010	5.0
Rate of salary increased from 1 October 2010	4.0
Rate of pension increases	2.5
Rate of price inflation	2.5

The valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2015 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males Assumed life expectancy in years at age 65	Females Assumed life expectancy in years at age 65
Non-pensioners	20.4	23.3
Pensioners	19.4	22.4

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with 1/60th accrual rate	17.6
Final salary with 1/70th accrual rate	15.3
Career average revalued earnings with a 1/60th accrual rate	14.1

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

12 Pension Obligations (Continued)

With effect from 1 April 2007 the employer and employee contribution rates for Space New Living Limited will be 12.30% to 14.05% and 4.70% to 8.45% of pensionable salaries respectively.

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 entrants 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 the 1 April that falls 18 months after the valuation date.

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

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent tot the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

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

The 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.

12 Pension Obligations (Continued)

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 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.

As shown above, the total pension cost for the association was £122,000 (2006: £124,000). The Managing Director is a member of the SHPS Scheme. No enhancement or special terms apply to his membership. The association makes no contribution to any pension arrangements in respect of the Managing Director other than the ordinary employer's contributions required by the SHPS Scheme. The association's contribution to the Managing Director's pension during the year was £9,488 (2006: £8,753).

Space New Living Limited has been notified by the Pension Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2005. As of this date the estimated employer debt for 2006 was £5,740,000. This had not changed during 2007.

Pensions Trust's Growth Plan

Space New Living Limited participates in the Pensions Trust's Growth Plan. The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date.

From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses an/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as a at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

12 Pension Trust Growth Plan (Continued)

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

As at the balance sheet date there was 1 active member of the Plan employed by Space New Living Limited. Space New Living Limited continues to offer membership of the Plan to its employees. Space New Living Limited does not pay any contributions into the Growth Plan and the members contributions rate is at their own choosing.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, 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 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £675 million and the Plan's Technical Provisions (i.e. past service liabilities) were £704 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Plan as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £747 million and indicated a surplus of assets compared to liabilities of approximately £2 million, equivalent to a funding level of 100.2%. Annual funding updates of the Growth Plan are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the Plan since the last full valuation.

Since the contribution rates payable to the Plan have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% p.a.
Investment return pre retirement	6.6
Investment return post retirement	4.5
Bonuses on accrued benefits	0.0
Rate of price inflation	2.5

The valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2015 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

12 Pension Trust Growth Plan (Continued)

	Males Assumed life expectancy in years at age 65	Females Assumed life expectancy in years at age 65
Non-pensioners	20.4	23.3
Pensioners	19.5	22.5

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million will be cleared within 5 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 7.6% per annum pre retirement and 4.8% per annum post retirement.

A copy of the recovery plan must be sent tot the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the Growth Plan and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. If the liabilities exceed assets there is a buy-out debt.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

12 Pension Trust Growth Plan (Continued)

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 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 Plan liabilities, Plan 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.

Space New Living Limited has been notified by the Pension Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2006. As of this date the estimated employer debt for 2007 was £6,000.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

13 Tangible Fixed Assets

	Housing Properties General Needs £'000	Housing Properties Shared Ownership £'000	Properties in the Course of Construction General Needs £'000	Properties in the Course of Construction Shared Ownership £'000	Housing Sub Total £'000	Lease-hold Office £'000	Motor Vehicles £'000	Fixtures £'000	Computers £'000	Other Assets Sub Total £'000	Total 2007 £'000	Total 2006 £'000
Cost												
At 1 April	115,840	3,463	3,587	378	123,268	351	-	117	436	904	124,172	118,896
Additions	-	-	4,384	1,116	5,500	-	-	58	14	72	5,572	6,428
Capitalisation of major repairs	-	-	752	-	752	-	-	-	-	-	752	727
Disposals	(416)	(363)	-	-	(779)	-	-	(1)	(274)	(275)	(1,054)	(1,443)
First Tranche Proceeds	-	(478)	-	-	(478)	-	-	-	-	-	(478)	(524)
Capitalised Interest	-	-	125	14	139	-	-	-	-	-	139	88
Transferred on completion	4,488	1,102	(4,488)	(1,102)	-	-	-	-	-	-	-	-
At 31 March	119,912	3,724	4,360	406	128,402	351	-	174	176	701	129,103	124,172
Social Housing Grant												
At 1 April	65,152	1,728	1,999	60	68,939	-	-	-	-	-	68,939	67,339
Additions	-	-	1,870	491	2,361	-	-	-	-	-	2,361	2,252
Disposals	(291)	(241)	-	-	(532)	-	-	-	-	-	(532)	(652)
Transferred on completion	1,561	188	(1,561)	(188)	-	-	-	-	-	-	-	-
At 31 March	66,422	1,675	2,308	363	70,768	-	-	-	-	-	70,768	68,939
Depreciation												
At 1 April	2,390	73	-	-	2,463	191	-	29	284	504	2,967	2,472
Charge for the year	529	17	-	-	546	29	-	31	111	171	717	659
Disposals	(12)	(10)	-	-	(22)	-	-	(1)	(274)	(275)	(297)	(164)
At 31 March	2,907	80	-	-	2,987	220	-	59	121	400	3,387	2,967
Net Book Value												
At end of year	50,583	1,969	2,052	43	54,647	131	-	115	55	301	54,948	52,266
At beginning of year	48,298	1,662	1,588	318	51,866	160	-	88	152	400	52,266	49,085

Housing Properties Comprise:	**2007 £'000**	2006 £'000
Freehold	53,375	50,594
Long leasehold	1,272	1,272
	54,647	51,866

Expenditure to existing properties : £1,497,667 (2006 : £1,415,300) has been spent on works to existing properties, of which £751,580 (2006 : £727,531) has been capitalised, and £746,087 (2006 : £687,769) has been treated as revenue.

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

14 Debtors	2007 £'000	2006 £'000
Rent and service charge arrears	650	739
Less: Provision for bad debts	(155)	(121)
	495	618
Amounts due from subsidiary under-takings	-	18
Prepayments and accrued income	102	150
Other debtors inc deposits	128	316
	725	**1,102**

14a Debtors due after one year

Space New Living Limited has provided loan finance to its subsidiary, Cube Lifestyle Limited of £555,333 (2006: £633,309), as permitted under its investment powers, as the loan has been made under normal commercial terms.

15 Creditors: Amounts falling due within one year	2007 £'000	2006 £'000
Housing Loans	144	134
Rent in Advance	191	172
Trade Creditors	270	405
Amounts owing to subsidiary undertakings	134	-
Social Housing Grant received in advance	184	2,167
Taxation And Social Security Payable	32	57
Accruals And Deferred Income	1,308	817
Loans Interest Accruals	402	297
Shared Ownership Client & Other Deposits	17	16
Recycled Capital Grant Fund (see note 17)	-	-
	2,682	**4,065**

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

16 Creditors: Amounts falling due after more than one year

	2007 £'000	2006 £'000
Housing Loans	40,683	39,904
Issue Costs	(475)	(412)
	40,208	**39,492**
Recycled Capital Grant Fund (note 17a)	1,009	679
Disposals Proceeds Fund (note 17b)	122	-
	41,339	**40,171**

Loans are repayable at varying rates of interest in instalments as follows.

	2007 £'000	2006 £'000
Between one and two years	152	141
Between two and five years	1,509	475
In five years or more	39,022	39,288
Less: issue costs	(475)	(412)
	40,208	**39,492**

Housing loans are secured by specific charges on the Group's housing properties.

17 RCGF and DPF Creditors:

a. Recycled Capital Grant Fund

	2007 £'000
As at 1st April 2006	679
Inputs to reserve:	
Grants recycled	371
Interest accrued	39
Outputs to reserve:	-
New build	
Major repairs and works to existing stock	(80)
Other	-
As at 1st March 2007	**1,009**

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

17 RCGF and DPF Creditors: (Continued)

b. Disposal Proceeds Fund

	2007 £'000
As at 1st April 2006	-
Inputs to reserve:	
Grants recycled	120
Interest accrued	2
Outputs from reserve:	-
New build	
Major repairs and works to existing stock	-
Other	-
As at 1st March 2007	**122**

18 Non-equity Share Capital

	2007 £	2006 £
Allotted Issued and Fully Paid non equity shares of £1 each:		
At start of the year	50	52
Issued during the year	4	2
Cancelled during the year	(13)	(4)
At the end of the year	**41**	**50**

Non-equity shares provide members with the right to vote at general meetings but do not provide any rights to interest, dividends or bonus. In the event of a winding up, the liability of individual members to contribute towards the liability of the company shall not exceed £1.

19 Designated Reserves

Future major repairs	2007 £'000	2006 £'000
At 1 April	3,025	3,025
Transfer (to)/from revenue reserves	-	-
At 31 March	**3,025**	**3,025**

20 Reconciliation of Movements in Revenue Reserves

	2007 £'000	2006 £'000
Surplus for the financial year	583	439
Opening revenue reserves	9,390	8,951
Closing revenue reserves	**9,973**	**9,390**

21 Capital Commitments

	2007 £'000	2006 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	6,701	6,408
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	8,856	11,745
	15,557	**18,153**

The Group expects to finance the above expenditure by:

	2007 £'000	2006 £'000
Proceeds of Sale	3,629	1,500
Social Housing Grants	2,315	4,460
Loan Finance	9,613	12,193
	15,557	**18,153**

22 Subsidiary Undertakings

The subsidiary undertakings of Space New Living Limited are:

Name	**Country of Registration**	**Nature of Business**
Salco Homes Housing Society Ltd	England	Dormant
Cube Lifestyle Limited	England	Housing and Service Provision
City Road Developments Limited (Subsidiary of Cube Lifestyle Limited)	England	Property Developer

Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2007

23 Housing Stock as at 31st March

	2007 No. Units	2006 No. Units
Under development at end of year:-		
Housing accommodation	45	96
Shared ownership accommodation	69	7
Under management at year end:-		
Housing accommodation	2,511	2,471
Properties owned, managed by agents	146	147
Shared ownership accommodation	90	98
Supported housing	85	67
	2,946	**2,886**

24 Related Party Transactions

Two Space tenants are members of the Space Board. Their tenancies are on normal commercial terms and they cannot use their positions to their advantage. There are no other related party transactions.

25 Contingent Liability

At the balance sheet date there were no known contingent liabilities other than the employer debt disclosure in the respect of the Social Housing Pension Scheme (note 12).

26 Ultimate Controlling Party

The ultimate controlling party of the Association is Great Places Housing Group Limited, which is a society registered under the Industrial and Provident Societies Act 1965 and a registered social landlord under the Housing Act.